No. 30,253

Monday June 8 1987

Leading industrial nations will focus efforts on closer currency co-operation

D 8523 A

French cabinet crisis

World news

averted A cabinet crisis in France was southWestern Bell, one of seaverted yesterday after Mr Francis ven companies spun off from American Telephone and Telegraph in and leader of the free market Parti-Républicain, announced to his par-ty congress that he would not resign his post as minister.

The move was welcomed by Mr Jacques Chirac, the French Prime Minister, who had earlier last week called on Mr Léotard to choose between his functions as minister and party leader. Aithough the emphasis was on

conciliation, the quarrel is seen to have weakened the government by leaving a legacy of distrust between Mr Chirac's neo-Gaullist RPR party and the other members of the coali-

Lebanon bombing

An Israeli soldier was killed and two others wounded when a road-side bomb exploded alongside their patrol in Israel's self-declared se-curity zone in southern Lebanon.

Bulgarian visit

Soviet Foreign Minister Eduard Sheverdnadze will visit Bulgaria later this month, when he is expected to inform Communist leaders about the Kremlin's drive for social

Pope in Poland

Solidarity leader Lech Walesa denied official claims that his movement plans to disrupt the Pope's third visit to Poland, which begins

Squatters run riot

i in term

Sixteen police and one fireman were injured when 150 squatters ran riot in the West German city of Freiburg, setting cars on fire, smashing windows and erecting

Thatcher confident

British Prime Minister Margaret Thetcher is confident of winning a record third consecutive term in Thursday's general election, despite a strong challenge from Labour leader Neil Kinnock, Page 18; Campaign reports, Pages 12, 13

Fatal fire in Tokyo

Seventeen people aged between 71 and 93 died and 27 were injured in a fire at an old people's home in a To-

Bavadra in Britain

Ousted Fijien prime minister Timoci Bavadra arrived in London seek-ing support for his reinstatement campaign from Britain and from the Queen, head of state of the Pacific island nation. Page 5

Soviets leave

A limited withdrawal of Soviet troops from Mongolia has been completed with the pullout of one motorised rifle division and several units, the Soviet Defence Ministry

Turks attacked

Kurdish guerrillas attacked and seriously wounded 11 Turkish track drivers in a convoy heading

First lady's crusade

Nancy Reagan, wife of the US President, takes her anti-drugs crusade to Sweden today on a visit that will include a meeting with the widow of murdered prime minister Olof Palme and a look at a home for

Out of the lions' den

Game catcher Mike Oosterlaak emerged unharmed after spending 64 days and seven hours in a lions' cage to raise money to buy two go-rillas for a zoo north of Johannes-

Moroccan marriage

burg, South Africa.

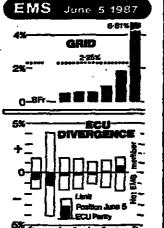
Foreign royalty joined tens of thousands of Moroccans thronging the city of Marrakesh for the lavish wedding of one of King Hassan's daughters and 250 other brides.

US Bell group enters UK market

Business summary

ican Telephone and Telegraph in 1984, is to enter the UK telecommon

EUROPEAN Monetary System: Currencies showed few changes during the week. With the dollar finishing little changed against the D-Mark, the Belgian franc stayed cut in short-term Treasury bill rates on Friday.



Activity was influenced by the fact that the economic summit in Venice is due to start today, but traders were afraid that a lack of sgreement might prompt another dollar decline, and so increase the pressure on weaker members of the

The chart shows the two constraints on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the syson the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2% per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currences.

STOCKHOLM'S stock exchange is to fine four Swedish companies, including Saab-Scania and Alfa-Lations. Page 30

GENERAL MOTORS Continental is to spend BFr 2.8bn (\$74m) over the next year to modernise and up-grade its Belgian production facilities in Antwerp. Page 19

NORWAY'S minority Labour Government plans new laws to regulate the Oslo Stock Exchange, reflecting concern about insider trading and volatility caused by short-term trad-

ing. Page 26 US SECURITIES and Exchange

Commission is considering easing a rule on the distribution of foreign securities in the US, in a move which could have a significant effect on the international equities and Eurobond market. Page 29

A LLOYD'S of London marine insurance syndicate has had to provide for possible losses of £248m (\$408m) over the next 20 years for claims arising from asbestosis and pollution in the US. The 1,458 peonle who belonged to the syndicate in 1982 have been asked to contribute £10.27m now to bolster reserves. Page 18.

WELLCOME FOUNDATION, UK drugs company, launches a court action today in a effort to overturn the granting of British patent to Genentech of the US for making TPA, a clot-dissolving drug.

SUDAN has postponed until next month talks with the International Monetary Fund due this week, to allow its parliament to ratify the bud-

Venice summit to

stand by pledge on stable markets

BY STEWART FLEMING, PHILIP STEPHENS AND JOHN WYLES IN VENICE

EADERS of the seven leading in dustrial nations will this week reaffirm their governments' commitment to promote stability on foreign exchange markets and to strengthen economic co-operation. The three-day annual economic summit which starts later today is not expected, however, to bring any major new policy initiative to unterpin that commitment. Instead, the leaders of the US, Ja-

pan, West Germany, France, Britain, Italy and Canada will receive a report from their finance ministers detailing the progress made in enhancing co-operation since last year's summit in Tokyo.

Officials involved in preparations for the talks said the report endorsed February's Paris accord between finance ministers, in which they pledged to seek currency sta-bility by closely co-ordinating their

The heads of state and government are expected to approve that report and to call on the finance ministers to refine the use of economic performance indicators. The indicators are aimed at ensuring that national policies remain compatible with more balanced growth in the world economy.

The officials said the US appeared to have dropped its previous



than forecasts in the face of opposition from Britain and West Ger-

Mr Nigel Lawson, Britain's Chancellor of the Exchequer, said last week that the indicators, which cover a range of variables from growth rates to trade balance and exchange and interest rates, "had not been fully thought through." Mr James Baker, the US Treasu-

ry Secretary, however, will be able to cite the commitment to develop them further as evidence that the US is winning its battle to establish insistence that the indicators be a more formal framework for eco-

Despite the recent slowdown in world economic growth, the sum-mit's final communique is likely to be relatively upheat in its assess ment of economic prospects. Gov ernments believe that it is crucial to restore confidence in the outlook to prevent the slowdown turning into

ON OTHER PAGES

Tug of war over Bonn tax

plans; US-Iran threats over the Gulf; Venice's

sharks wait for the Sum-

Feature: Many leaders but

a lack of leadership,

Editorial comment: Less-

ons from the Marshall

mit-goers, Page 3

Page 16

Plan, Page 16

West Germany, however, is likely to face strong, if discreet, pressure from several of its allies to do more to stimulate its economy, Japan's recently announced package of sti-

Continued on Page 18

ICI poised to buy 50% of European seed group

negotiations to buy a 50 per cent gium.
stake in one of Europe's biggest Agre

éenne de Sémences. The stake in the Brussels-based company is held by Ferruzzi, the Italian agro-industrial group. ICI and Ferruzzi are also under-

stood to be discussing possible col-laboration agreements in the agro-in the next century. The group has industry sector, especially joint research projects. On Friday ICI agreed to pay \$1.89bn for Stauffer Chemical, a US

agrochemicals group acquired by Unilever last December, bringing ICI from sixth to third in the world

IMPERIAL Chemical Industries be being discussed for the Ferruzzi dison (the Milan-based chemicals (ICI), the leading UK chemicals stake. The other 50 per cent of SES concern) and of developing a compromise in an advanced stage of its controlled by investors in Belloned agroundustry and chemicals

Agreement could be reached would confirm the talks vesterday.

Seed breeding is seen by ICI as is developing its holdings in the an important part of its strategy for chemicals sector.

both agriculture and biotechnology

Ferruzzi, Europe's biggest sugar several acquisitions, the largest to revenues last year were about \$7bn date being Garst Seeds in the US, (Montedison's 1986 turnover was bought in 1985 for an estimated about \$10bn).

The Italian company sees ICI as Ferruzzi nor ICI, which is believed in developing its agro-industrial to have made the initial approach, holdings while it, in contrast started from an agro-business base and

in the next century. The group has processor and the largest cereals been pushing into the world market traders, has spent around \$1.7bn to for the last two years, both through boild up a 40 per cent equity stake a £17m research programme con- in Montedison, which under Italian centrated in the UK and through convention gives it control. Its total

agrochemicals market.

SES is the biggest seed producer in France and also has operations

The company agreed 10 weeks ferruzzi yesterday pointed to ago to pay \$630m to acquire the Eurica France and also has operations in Italy and Spain. A price of the "validity" of its own strategy erations of CPC International, the around £50m (\$82m) is believed to of having bought control of Monte
US grocery products group.

European steel plan will urge output control to replace quotas

BY WILLIAM DAWKINS IN BRUSSELS

emerge of a far-reaching three-point plan for the future of the European Community steel industry, due to be adopted by the European Commission by July 15.

The scheme, being worked on by Mr Karl-Heinz Narjes, the industry commissioner, with Mr Peter Sutherland, the competition commissioner, will include a completely restant of cuttors and controls. vamped system of output controls to replace the present quota ar-rangements after they expire at the end of the year.

claiming about \$300m from the London branch of Bankers Trust Comaround 30m tonnes according to
to be exposed to a free market, is earls. Euroder's official explanation pany of New York in a court action | Commission estimates. There will due to start today. The case arises also be proposals to alleviate the sofrom US sanctions imposed against cial hardship that will come from sales becomes increasingly dim.

Libya in Jamiary 1966. Page 11 such shutdowns. Job losses will be The producers have earmarked help.

THE FINAL details are starting to huge; the Commission estimates capacity amounting to almost 15.2m emerge of a far-reaching three-that, even if it did nothing to hasten tonnes for closure. That would go point plan for the future of the Euing plans for cutbacks would put at restoring market equilibrium. Mr least 80,000 people out of work in Narjes has accused Eurofer of de-

pacity in line with flagging demand. on ice.

Eurofer had been arguing for the production quota system, introduced in 1980, to be extended for a further three years. The Commissional transfer in the professional and the professional are thought to be proken down because of the refusal of efficient management. New financial incentives will aim sion, which was initially sceptical cause of the refusal of efficient pronow becoming more sympathetic as is that it could sacrifice no more

least 80,000 people out of work in Naries has accused Eurofer of deliberately delaying any decision on The scheme is being drawn up as scrapping remaining quotas, and a result of the failure of attempts by Commission plans to end quotas for Eurofer, the "club" of 22 big integrated steelmakers, to agree the said of the broad of the street of the said of the s enough voluntary cuts to bring ca- end of last year have had to be put

Wave of prosperity eludes gondolieri

By John Wyles in Venice

AS A "tide in the affairs of men" of the kind to which Shakespeare once alluded, the world summit opening in Venice this evening is certainly as technically demand-ing and physically dislocating as any of the aquatic variety which have swept over the Serenissima during its long history.

does, however, bring profit and international publicity in its wake which is why most Venetians have been prepared to put up with the inconveniences posed by the presence of 7,000 police and army, "no go" areas on land and water and a general raising of the level of officiousness.

Only the gondolieri have been seri ously alienated: they cannot ply their trade around St Mark's square and the lagoon and, to judge by their complaints, their entire seasonal earnings could be wiped out by the loss of four day's freedom of navigation.

Venice is already a veteran in the summit business, baving hosted the 1980 version. Since then, however, the quest for total se-curity for the heads of state and government involved has become ever more desperate.

Naturally the most illustrious hotels have had to be comman ered; the Gritti which houses Mrs Margaret Thatcher and Mr Jacques Chirac, her French counterpart, the Danielli hosting Mr Helmut Kohl, the West German Chancellor, Mr Yasuhiro Nakasone, Prime Minister of Japan, and Mr Brian Mulroney, the Canadian Premier.

Above all there is the Ciprism, President Ronald Reagan's quarters, where hour-glass blondes in designer swimsuits have made way for less pictu-resque and rather more bulky presidential guards.

President Reagan himself should reach Venice today reasonably in the pink. After arriving in Italy just before midnight last Wednesday, he has hardly strayed from the svelle luxury of the Villa Condulmer, about 10 miles

He has taken in the odd pre-summit briefing, watched video films, strolled the grounds with Nancy cially from the US for attention by 10 travelling White House

The Reagans made a brief sortie on Saturday but the early summer calm of Rome was barely disturbed by Mr Reagan's 55-m private audience with the Pope

India tells Sri Lanka to stop bombing raids

of the island.

This is the explicit message given by India following its dramatic as sertion of military supremacy over its tiny neighbour last week when scale operation by Sri Lankan governments. five Indian transport planes, excort-ed by four Mirage jet fighters, in-waded Sri Lenkan airspace and days this offensive has been redropped relief supplies to Tamils in opened, in an attempt to link two

ing last night in Colombo that a because of unconfirmed reports massive demonstration by mem-that air strikes and bombing bers of the ruling United National missions were also resumed, caus-Party today planned to burn down a new Indian High Commission building being constructed in the capital.

According to diplomatic sources, India was assured last night by Mr Abdul Hameed, Foreign Minister, that full protection would be given to all Indian nationals and property.

Two defence establishments on the outskirts of Colombo were at-dia's attemnt to dictate terms for oftacked early yesterday morning by fensives against the Tamils, there extremists from the island's majoriare signs that Sri Lanke's Foreign ty Sinhalese community who have Ministry wants to rebuild its rela-

INDIA has told Sri Lanka that it The extremists belong to the Jashould not conduct any more air natha Vimukthi Peramuna (JVP), should not conduct any more air hana viminum Ferantina (VV), strikes and bombing raids on the or Peoples Liberation Front. It is a northern Jaffna Peninsula during proscribed Marxist-based revolutionary group seeking a new political base among the island's majorindependence in the north and east to buddhist community to exploit the island. frustration over the government's

affina.

Meanwhile reports were circulathas caused serious concern in India

the outskirts of Colombo were at- dia's attempt to dictate terms for ofbeen posing a new threat in recent tionship with its large neighbour months to the country's stability. which for the past three years has Three extremists and one sentry been operating as a mediator on the were killed and arms were stolen.

Theft shows flaw in **UK** securities trade

BY CLIVE WOLMAN IN LONDON

chant bank were stolen from a cen-tral London post office and sold through a Channel Islands stock-broker to other City securities

curity risks created daily in the City of millions of pounds worth of eas-ily encashable bearer securities. cers believe the theft was opportu-nistic rather than the work of a so-Corporation in Geneva posted to the bearer shares were removed 70,000 deferred bearer shares in De proached a stockbroking firm in Beers Consolidated Mines, the Jersey. He was introduced by a South African mining company. client of the firm and said he had The shares had been sold to War-recently inherited the shares. The Continued on Page 18 burg for a price of slightly more than \$750,000. The parcel contain-

ABOUT £500,000 (\$812,000) worth of ing the bearer shares was reg-bearer securities mailed from Swit- istered with the postal service but, serland to a City of London mer-apparently, no other security mea

The package was in transit in a large bag containing a wide variety of items which was stolen from the main King Edward Street post of-The thieves disappeared with about (£400,000) of the proceeds of the sale before the police froze the with bearer shares in much smaller with bearer shares in much smaller with bearer shares in much smaller. The theft has highlighted the se amounts, in one case about £10,000 worth.

On March 12, the Swiss Bank phisticated team. They also believe Warburg Securities in London some and sold to a "fence" who then ap-

Continued on Page 18



ANZ THE BANK WITH THE GLOBAL VIEW.

In the past Australian banks have tended to concentrate on their home market to do business

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branches and offices in 48 countries. Both ANZ and Grindleys have over 150 years experience in financing international trade and today offer a full range of banking and financial services.

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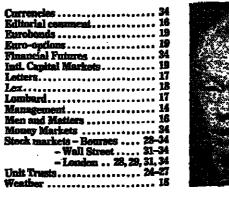
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Companies 19, 20 UK 9–13 Companies 22, 23



INTERVIEW

THE MONDAY **PAGE**

Lee Kuan Yew, Singapore's Prime Minister, talks to Steven Butler,

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Terrorism: Trevi Group plans strategy 3 Libya: testing US freeze order in Management: Matsushita's \$13bn cash

Italy: terrorism in election campaign . 2

options 17

mountain 14 Editorial comment: Marshall Plan: UK Britain: ethics of the race to Downing Lombard: West Germany after zero

Hollywood glamour for Morocco's royal day

By Andrew Whitley and Francis Ghiles in Marrakesh

MOROCCO'S royal wedding of the year, a three-day extravaganza which ends here tonight, has been a golden opportunity for a bevy of unemployed royalty to gather at one of their favourite watering holes -and for an unexpected clive branch from Libya to King Hassan II, the shrewd Moroccan monarch.

Heads of fashion houses patronised by His Majesty mingled with less famous scions of former royal houses of Europe and the Middle East at a public event which owed much to Hollywood and little to Is-

What has given the 350-year-old Alcuite dynasty in Morocco its stay-ing power has been the claim to direct descendency from the prophet Mohammed. King Hassan is thus venerated as both a temporal and a

But the elaborate pageantry staged in Marrakesh on the occasion of the marriage of Princess Lalla Asmaa, the king's daughter, to a wealthy commoner had some experts shaking their heads in doubt over its authenticity.

As tribal horsemen galloped up and down the dusty esplanade, fir-ing into the air, gilded visitors with well-fed tans soaked up the hot sun at the huxurious La Mamounia Ho-

Heading the list of the king's friends were ex-King Simeon of Bulgaria and Prince Fouad, son of the late King Farouk of Egypt.

Of more practical significance for a country whose foreign reserves are virtually non-existent, flanking King Hussan on the royal dais at Saturday's opening ceremonies were the oil potentates: Sheikh Zayyid bin Nahayyan, President of the United Arab Emirates, and Prince Abdullah al-Faisal, the Saudi Minis-

The surprise of the show was the unexpected presence on Saturday of a personal representative of Lib-ya's Colonel Muammer Gadaffi. The Libyan leader had taken umbrage when King Hassan suddenly reversed his earlier agreement to marge their two countries in pan-Arab unity. However, in a gesture of goodwill, Col Gadaffi despatched his daughter, Aisha, to the celebrations in Marrakesh.

Léotard acts to avert French cabinet crisis

BY DAVID HOUSEGO IN PARIS

averted yesterday after Mr Fran-cois Léotard, the Minister of Cul-ture and leader of the free market Parti Républicain, announced to his party Congress that he would not

resign his post as minister.

The move was welcomed by Mr Jacques Chirac, the French Prime Minister, who said that the cohesion of the Government should came before "partisan preoccupations and premature electioneering."

The Prime Minister had earlier last week called on Mr Léotard to minister and party leader in a public statement that provoked a five-day conflict within the Govern-

Although the emphasis yesterday was on conciliation, the quarrel is seen to have weakened the Government by leaving a legacy of distrust between Mr Chirac's neo-Gaullist RPR party and the other members of the coalition, including the Parti

Indicative of this distrust is the fact that Mr Jacques Toubon, Secre-tary General of the RPR, was asked by Mr Leotard and his colleagues not to attend the 10th Congress of the party over the weekend.

In his speech, Mr Léotard dea minister and to hold on to his



stepped the latter by announcing that he would not support the Prime Minister in the first round of the presidential election in May and by derogatory remarks about the RPR.

Mr Léotard said he would not take responsibility for provoking a crisis in the Government that would rebound to the favour of President François Mitterrand. He also made clear he would not allow his party to be silenced or reduced to a subservient role in the coalition.

Ministerial colleagues said that as late as Thursday-Mr Léotard was still determined to resign in protest freedom of speech as party leader. at the public rebuke delivered him Mr Chirac claimed he had over- by Mr Chirac.

Irish hospital services hit by doctors' strike

BY HUGH CARNEGY IN DUBLIN

A STRIKE by junior hospital doctors has severely disrupted hospital services in Ireland in the second public service strike faced by the Fianna Fail Government since it introduced an sustere, cost-cutting

jobs under a programme of spending cuts in the health service. Consultants provided emergency cover but routine admissions and non-essential out-patient services

were cancelled in many hospitals. budget in March.

About half the country's 1,880
junior doctors started indefinite
strike action on Saturday, affecting
about 30 out of 80 hospitals, to protest against plans to cut about 200
were canceled in many hospit
limiter, called for an imme
return to work. The doctors
they are not against the sper
cuts but they should not be a
through cuts in medical staff. Dr Rory O'Hanlon, the Health Minister, called for an immediate return to work. The doctors say they are not against the spending cuts but they should not be made

Drive to deregulate **US** banking stepped up

THE US Administration favours

letting industrial companies acquire commercial banks, as part of a drive to improve the competitiveness of the US banking system.

This was sketched in a newspaper interview yesterday by Mr George Gould, a Treasury Under-Secretary. It is one of a host of current ideas to ease restrictions on the US banking industry and open access to new sources of capital.

These initiatives, which have been stalled in Congress, are widely expected to receive new impetus through the nomina-tion last week of Mr Alan Greenspan, a proponent of bank de-regulation, as chairman of the Federal Reserve Board.

In an interview with the New York Times yesterday, Mr Gould said he was in favour of Gould said he was in favour of creating five to 10 very large banks that could match in size the biggest ones in Japan and western Europe. "People are going to have to accept that some big American financial institutions will need more capital to be competitive," he said.

Commercial bankers com-plain that legislative hindrances have destroyed the dominance of US financial institutions, so that only Citicorp and BankAmerica are now among the largest two dozen banks. Regulators have also been concerned that restrictions on banking have led to a deterioration in the quality of their learns.

The main restrictions arise from the Glass-Steagall Act, which keeps banks out of the securities business, and the Bank Holding Company Act, which bars non-banks from owning banks. Inter-state banking is rectricted by many laws. ing is restricted by many laws

A Senate Bill to allow the expansion of the commercial banks into underwriting securities was recently shelved for the year. However, the pressure for de-regulation is expected to increase with Mr Greenspan succeeding Mr Paul Volcker, who was sceptical about changes in the law and opposed to bank ownership by non-banks.

Tensions run high in the Dolomites ITALY'S general election campaign has witnessed numerous Dolomites. exchanges of insults, but only As the h

one region of the country has seen a series of terrorist bomb-ing and shooting attacks.

The violence has come to the otherwise bucolic South Tyrol (in Italian Alto Adige) region in the Dolomites, a semi-autonomous and largely Germanspeaking province which passed from Austrian to Italian rule at the end of the First World War. The politics of South Tyrol

are made of extremes, with the majority of the German-speaking population supporting the regional government headed by the Sued Tirol Volskpartei (SVP), a German ethnic party which has \$22 per cent of the which has 63 per cent of the local vote as well as three MPs and three senators in the Rome parliament. The strongest Italian party,

meanwhile, is the neo-fascist MSI, which is the biggest party in the capital of Bolzano with 22 per cent of the vote. Some 279,000 of the South Tyrol population of 480,000 are German-speakers, and besides the Italians there is also the Ladino community, the ethnic group similar to the Romansch in Switzerland, which accounts for 5 per cent of the region's

The Italian South Tyrol is president of the state of the still want to be re-annexed by Austria or to form the "Free State of South Tyrol". Here the leader of the Italian neo-

One first becomes aware of be people who feel the demo-the cultural divide as the train crafic process accomplishes glides through the lush valleys nothing and thus choose north of Trento, along the violence."

As the hand-tended country-side becomes ever more spectacular the architecture of the houses perched up in the foothills changes from rustic northern Italian to a decidedly more Alpine form.

Bolzano, a town of low-pitched Tyrolean arcades and Gothic structures, certainly has the character of a German rather than Italian town. As the hand-tended country-

In the 1920s and 1930s Mussolini acted to Italianise South Tyrol by abolishing German as the official language and building up industry with Italian-speaking immigrants, mainly from the south.

In 1946 Alcide de Gaspari, In 1946 Alcide de Gaspari, the first Prime Minister of the Italian republic, who began his political career as a deputy in the Vienna parliament, agreed in a treaty to give the Germanspeakers back their rights.

It took until 1969—after a decade of terrorist bombings and essarcingtions by Correct

and assassinations by German separatists—for Rome to agree a package of autonomy measures, including strict apportionment of public sector jobs between the linguistic groups groups.

The leader of the SVP, the charismatic 73-year-old Dr Silvius Magnago, who has been president of the Alto Adige assembly since 1960, insists that not enough has been done Th neo-fascists say too much

has been done and that the Italians have become second-Austria or to form the "Free class citizens.

State of South Tyrol". Here the leader of the Italian neowhile serving in Hitler's army fascists, Mr Andrea Mitolo, at the Russian front, says "The speaks of Mussolini as "a Craxi government did nothing great man". for us, and so there will always be people who feel the demo-

He condemns the use of

of machine-guns at an Italian

housing project.

Alan Friedman reports from Bolzano on a sideshow to Italy's election

dent of the extremist German-speaking faction, the Heimat-bund, protests that "these attacks have nothing to do

Mr Stieler, who served three years in prison after his con-viction in 1957 for blowing up viction in 1957 for blowing up a railway line and a hydroelectric plant, says last week's
terrorism was designed to help
the MSI vote and "to stop us
being awarded our just right
to self-determination under the
UN charte."

The 61-year-old Mr Stieler. in common with more moderate local politicians and officials interviewed, spoke openly of the possibility that the Italian intelligence services may have been involved in last week's bombings.

This is not as far-fetched as it may sound. Italian courts have investigated several cases riolence and says he has no idea who was behind last week's six terrorist attacks, which included bombings at Carabinieri barracks, sabotage of railway lines and the firing of far-right terrorists being sup-ported indirectly by members of Rome's secret services. In-deed it is remarkable that in this tiny region the Italian state has been unable to root out the terrorists, who must be locals because of their knowledge of the terrain.

An historic figure in South Tyrol, the white-haired Dr Magnago sits in his Bolzano office trembling and twitching, In the nearby village of Lana raising his voice to a shout with said to be a den of German separatists, Mayor Franz Loesch claims: "the secret services want to reinforce the nationalist every other sentence.
"I will say one thing," he screams across the table. "These terrorist attacks only help to polarise the situation here and Italian position in the region." He suggests that Rome "should this helps the neo-Fascists to win votes." investigate its own security With tensions running high in the area—dozens of Carabinieri checkpoints dot the roads. Conspiracy theories abound. The attacks, according to some officials, come from

forces." And so, while German tourists wander about the footbill of the Dolomites, the general election campaign here has become a super-charged contest between communities. In this strange and beautiful corner of central Europe traditional Italian parties such as the Christian Demo-crats or Socialists are simply

in German were found proclaiming "Los von Rom" (Away Mr Hans Stieler, the presi-

German and Austrian terrorists who are based in Innsbruck. At

the site of the bombings leaflets

Long haul likely for Brazil's debt negotiations

Vienna.

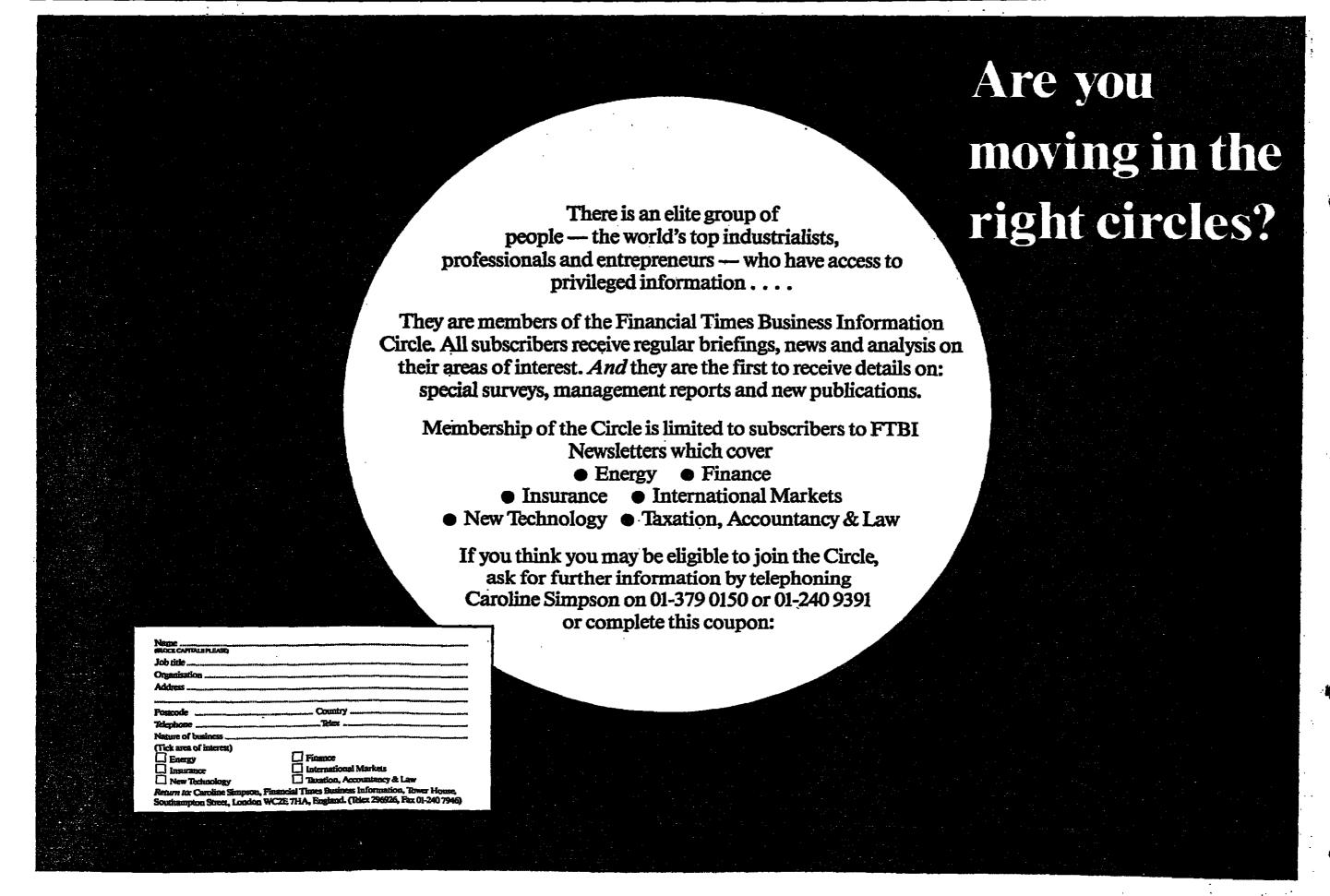
The Brazilan economy had to be set right to make it possible for the country to repay "non-event" reports that its debts, he argued. Transfer-Brazil was offering to pay back ring some of the debt into half its due interest in return equity "was part of the solution and it ought to be done."

NEGOTIATIONS between maining half. The key to solver and its leading bank ing Brazil's debt problem was on \$68bn (£42bn) of medium representing 3.2 per cent of and long-term debt to banks in total loans, as adequate, but take months rather than they (the Brazilian Governweeks," Mr Robert Frick, an executive director of Bank-America corporation, said in Vienna.

The Brazilian economy had to be set with the set with the

including \$2.7bn from

mr Frick said that his bank "We are re-evaluating (the had between \$7.5bn and \$7.5bn position) right now and I guess in outstanding Latin American that in the next wook are re-evaluating (the position) right new and I guess in cluding \$20.000 to the control of either that the reserves are correct or that they need He said that the bank con-adjusting," he said.



US presses Iran not

By Stewart Fleming and Andrew Gowers

to deploy

missiles

THE US yesterday intensified pressure on Iran not to deploy Chinese-built Silkworm surface-to-ship missiles n the Strat of

In television interviews at the weekend, both Mr Howard Baker, White House Chief of Staff, and Mr Frank Carlucci, National Security Adviser, stressed that Washington sees the missiles as a threat to ireedom of navigation in the Gulf.
Mr Carlucci dropped heavy
hints that the US would
retaliate if its ship, were
attacked.

Asked whether the US had Asked whether the US had had any response to the warnings it has sent to Iran about deployment of the missiles, Mr Carlucci said: "It would be inadvisable for any nation to interfere with our shipping and with our naval vessels, which aret ulty prepared to defend themselves."

Iran warned at the weekend that warned at the weekend that it would strike back at the US, if Washington were to attempt an attack on Iranian territory, but said it was ready to respond to other countries' efforts to end attacks on Gulf chiming. shipping. Hussein

Hussein Sheitholeslam, Deputy Foreign Minister, said in Vienna: "If the Americans make the mistake of attacking us, we will definitely strike back. If they attack us inside our country, we will attack them inside their country. If they attack our ships, we will attack their ships." Sheikholesiam. AS IN TORYO last year, the organisation of future meetings.

terrorism and the struggle against it will be high on the agenda of the seven-nation Western summit which opens in Venice today, but will be discussed in a much improved simon of the West German division of the West German Literian Ministry "The parties of Management of Manage

Various Iranian officials have been touring Europe, in the last week, seeking to dissuade Eurorican governments from joining US military moves in

Striking a surprisingly conciliatory note yesterday, how-ever, the deputy minister said Tehrawhich depends almost exclusively on sea routes to export its oil—would welcome mediation by other countries to end the war with freq. He said May 28.

This was the first such meeting held by the seven summit countries, who were joined by the current and incoming presidents of the European Community—Belgium and Denmark.

The Americans, who were re-Iran would not attack shipping if its oil exports were not

The Americans, who were re-presented by Mr Edwin Meese, on terrorism already drafted for On Saturday, Mr Garineci dised that Iran now has about the Attorney-General, are par-ticularly pleased about it be-cause they have hitherto been 20 Silkworm missiles and that another 20 are on the way. He rejected Chinese claims that it cause they have hitherto been kept on the fringes of European co-operation in this matter, which has been conducted mainly through the "Trevigroup", whose membership is co-extensive with that of the EC although technically unrelated to it. was not supplying the weapons

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Tug of war over Bonn's tax plans

THE VENICE SUMMIT

MR GERHARD STOLTEN- Mr Stoltenberg can be expec-BERG, the West German ted to spell out in Venice that Finance Minister, has an in- the tax cuts — expected to lead congruous habit of beaming to a sharp increase in overall when answering awkward questions, although his eyes remain resent the "maximum possible."

tense pressure from several subsidies — has already attrac-directions to carry out two con-tradictory courses of action— "All my US friends say what

the international economy on to a sounder track.

Governments on both sides of the Atlantic believe that inter-national solidarity and effective

co-operation against terrorism have made significant strides in

the last 12 months—symbolised by the meeting of Interior Justice ministers in Paris on

They are especially pleased that the initiative was taken by

the French, who not long ago were opposed even to discus-

nominally "economic" summits. The meeting was convened by Mr Charles Pasqua, the French Interior Minister, with less than 10 days' notice. Despite this all

nine participants, except Den-mark, were represented by cabi-

net ministers — including Mr Douglas Hurd, the British Home

The Americans would dearly like to see such meeting become regular events. Indeed, most of the time the latest one

The excessive delay before the At the Venice summit, which begins today, both eyes and lips are unlikely to be smiling as DM 19bn of the reduction is Mr Stoltenberg is facing in- due to be financed by cuts in both to speed up and to postpone West Germany's package why don't we do it now," says
of DM 44bn (£15bn) of tax cuts
planned for 1990.

An my OS friends say what
we are doing is right — but
we do it now," says
of DM 44bn (£15bn) of tax cuts
planned for 1990.

Interior Ministry, "The parties decided not to publish a communique, but to inform only their heads of state and of government, so that they can

discuss the results next week in Venice."

would be satisfied if the sum-mit simply confirmed the results

the sumit by the "sherpas" the officials reputed to prepare the

him openly to oppose an initia-tive taken by his own Interior Minister and thus expose to France's allies the awkwardness

of the bicephalous "cohabita-tion" of opposing parties on

On the practical level the intensification of bilateral co-

operation between European countries has been more im-

portant, so far, than the multi-lateral meetings. It has been particularly intense between France, West Germany, Italy and Spain.

or permanent forum.

most of the time the latest one is said to have been devoted to mans, who signed a bilateral

But it is hardly possible for

He added, however, that be

The hidden defenders make progress

David Marsh on pressures to stimulate West

Germany's economy

laender, or federal states, to gether with the roughly 60,000 local communities, or gemeinden, are playing an increas-ingly important role in public spending—and receive close to per cent of taxes collected throughout the economy.

Mr Stoltenberg has already faced criticism from the laender over falling revenues

of DM 44bn (£15bn) of tax cuts planned for 1990.

The country's trading partners want more German tax cuts to boost the domestic economics ministry has been adsince last autumn—and to foster world growth.

But regional political leaders, who are commanding evergrowing weight in West Germany's federal power structure, have launched an all-out drive to scale down the tax cuts in order to reduce the drain on local revenues.

The tax reductions, hammered in right coalition government, are viewed by Bonn as West Germany's contribution to putting

Mr Otto Lamosnor, the former face on mics spokesman for the Free Democratic Party.

In the last few weeks, the Finance Ministry has been advised by the Economics Ministry, under the control of the FDP, to consider bringing forward to 1980 at least half the tax cuts planned for 1990.

Although Bonn plans DM Prime Minister of Baden-shave launched an all-out drive to scale down the tax cuts in order to reduce the drain on local revenues.

The tax reductions, hammered at the when the medium-term outlook for West German proposals. Mr Lothar Spaeth, shave launched an all-out drive to scale down the tax cuts in order to reduce the drain on local revenues.

The tax reductions, hammered at the when the medium-term outlook for West German proposals. Mr Lothar Spaeth, shave launched an all-out drive to scale down the tax cuts in taxes. In the last few weeks, the Finance Ministry and the control of the FDP, to consider bringing forward to 1980 at least half the tax cuts building up to the 1990 tax proposals. Mr Lothar Spaeth, shave launched an all-out drive to scale down the tax cuts in to consider bringing forward to 1980 at least half the tax cuts building up to the 1990 tax proposals. Mr Lothar Spaeth, shave launched an all-out drive to scale down the tax cuts in taxes. In the last few weeks, the Finance Ministry, under the control of the sopposition Social Democratic Party.

But still larger opposition is building up to the 1990 tax proposals. Mr Lothar Spaeth, shave launched an al

Frankfurt Airport of Mr Mohammed Ali Hamadei, who

was also arrested, and a large

of parliament, the Bundesrat, composed of Laender representatives, has a veto over West German tax legislation.

A combination of sluggish growth and low inflation, which automatically dampen tax revenues, together with Mr Stokenberg's already-decided tax decreases, has had a sharp impact on public finances.

The central government deficit this year will total DM 26bn, against DM 22bn planned in the 1987 budget, with the overall public sector deficit projected to rise to DM 55.5bn in 1988 and DM 65bn in 1960 in 1990.

The deficits-and the federal fracas they generate—will grow further if, as expected, Mr Stoltenberg this autumn finds it impossible to reach the neces-sary coalition accord on cutting subsidies sufficiently to finance the 1990 tax reform.

That could put Mr Stolten-berg in a position where he would have little choice but to shelve completely the 1990 tax package — a prospect which would knock a disastrous hole in the credibility both of the However, the forces of German federalism are pushing in the opposite direction. The cannot ignore the federal pressure of the succession o

involvement in th ewave of bombings which swept Paris last

Edward Mortimer assesses US-European efforts against terrorism

was caught trying to smuggle bombings which swept Paris last explosives into Germany but is September—and which explains,

also suspected of involvement at least in part, the new in the 1985 TWA hijacking.

Mr Hamadei's brother, Abbas, proach to international terro-

VENICE SUMMIT

Sharks

prey on

city itself.

lagoon THERE MAY be no sharks in the Venice lagoon, but the teporters covering the economic summit here have found plenty of them in the

The White House press corps, the first of herds of reporters to descend on the city, were also the first to get bitten. Original White House estimates of the cost of accommodation in Veuice, of just over \$250 (£153) a night, were quickly overtaken by the reality of hoteliers' determination net to miss an opportunity to improve their prefits.

profits.

Box rooms at the main hotel of the US press corps, the lavish beach-front Excelsior on the island of Lido, are about the \$350 level.

These are bargains compared with close to \$300 for the pokey Splendide Swiss, which houses much of the British press corps.

The Splendide is taking no chances that its guests will tire of spending their

tire of spending their employers' money-correspendents are required to pay in advance.

Travelling islands of the city is also a financial adventure. Most of the television crews, needing to move quickly, have rented flotillas of what Venetians call taxis at prices of up to \$1,090 per 12-hour day.

INSIDE CORPORATE STRATEGY

Poles entertain few illusions as Pope starts third visit

BY CHRISTOPHER BOBINSKI IN WARSAW

carrying the Pope on this third achieved thus far, save one im-visit to his native Poland lands portant act last autumn—the his fellow countrymen will be wondering what the seven-day tour will bring.

The first visit in 1979 soon after his election was simpler.
The elation and pride that Poles still feel at his election was fresh. The energy he helped to generate among the million-ened the fall of Mr Edward Gierek the then party leader in the mass strikes a year later. They also produced the Solidarity free trade union.

Martial law

On the second visit in 1983 the Pope came to what was the Pope came to what was still in effect martial law Poland. Solidarity had been crushed. The Pope came to tend to the nation's battered morale and the people wondered whether he might not be able to claw back some of the freedoms lost that bitterley cold night in December 1981 when army tanks rolled into the cities.

This time there are few illusions. The crowds will still be there at the services to listen intently to the Pope's sermons. But the apathy that has dominated the post-martial law period is still strong.

In 1983 the Pope left Poland after a second unscheduled meeting with Gen Wojciech Jaruzelski. What the two men said to each other remains a secret but it seems safe to assume that the Polish party leader assume that the Polish party leader assume that the Polish party leader assured the Pope that doubts that Cardinal Glemp he intended to continue with has about the wisdom of con-economic reform and a measure tinuing to demand a legal role of democratisation. If that was

THIS MORNING as the jet indeed the case little has been at Warsaw airport millions of freeing of virtually all the country's political prisoners.

Since that meeting churchstate relations also went through a crisis when Father Jerzy Popieluszko the pro-Solidarity priest was murdered in the autumn of 1984 by four senior security policemen now serving long pirson sentences. The murder was preceded and followed by official pressure on the church to drop the de facto sanctuary it was providing to a wide range of cultural and quasi-political activities banned elsewhere. Gen. Jaruzelski aler feiled to deliger on his also failed to deliver on his promise to go ahead with the church's Western aid to agri-culture scheme which Cardinal Josef Glemp, the Polish Primate, had set his heart on and which he finally dropped exasperated at the Government's procrastination.

Concerted effort

The Polish authorities have made a concerted effort to ensure that the sympathy that people still feel for Solidarity should not be demonstrated during the trip. Despite church assurances that only religious banners will be tolerated at the services and thesets by security services and threats by security chiefs that activists planning to dsrupt the trip will be detained, Solidarity will still make a show for its Pope. And the Pope who is to meet Mr Lech Walesa in Gdarak will no doubt be receptive despite the

ADVERTISEMENT

Neste:

Projects in the Pipeline

Neste Corporation has energy to spare. Set up to be Since Mr Pasqua is known to be keen to hold further meetings, it is quite possible that a largest oil refiner and a leading European producer of raw Finland's national oil company, it has become Scandinavia's decision to do so will be ap-proved at the summit, though it will probably stop short of instituting them as a regular materials for the plastics industry.

"Growth is not an end in itself," says Chief Executive Jaakko Ihamuotila. "Our target is improved profitability." Among his ambitious plans is a natural gas network for the whole Nordicarea.

By Patrick Humphreys, Nordic Communi

Oil Refining — Oil International
Oil Marketing Companies — Chemicals

Gas — Shipping — Battery Technology and Corporate Head Office

performing worse than before.

no effect on Neste's good operating of the road network. profit last year," he adds. "Our Oil Neste has a land International Division performed particularly well, as did Chemicals, and our financial standing remains high. Since the company has virtually no crude oil production of its own, the price fall can only be to our advantage." Oil refining and trading make up 80% of Neste's turnover.

The full share capital of the company is owned by the state, but this has had no effect on its motivation towards profit making. In one area it does have a protected position: fuels for transport are subject to import licensing "but all our other oil products are subject to competition, either from other importers or other forms of

Stopping the trade gap

The reason for import licensing is the country's bilateral trading agreement with the Soviet Union, which calls for imports and exports to be in long-run equilibrium. Both sides have been keen to keep trade at a high level. The USSR has been particularly interested in Finnish engineering and other investment goods, while the Finns have tried to buy as much Soviet crude as they can use.

And sometimes more: slumping oil prices have pushed trade seriously out of balance, requiring urgent stop-gap measures. Under a new agreement signed in April, Neste may buy up to 4.5 million extra tons of crude, to be resold to third countries. Trading oil will make up 20% of Finland's imports from the USSR this year.

Finland's own oil consumption

In terms of 1985 turnover Neste increased 5% last year though suppliers and consumers." was the second largest company in most of this was stock building. A Nordic gas grid Finland and Scandinavia. The oil However a change in the structure price collapse has taken it down a of consumption is apparent: a peg or two since then but CEO greater proportion of oil is being Jaakko Ihamuotila insists: "This used as a transport fuel does not mean that the company is Ihamuotila believes Finland should revise its transport policy to "The reduction in turnover had recognise the economic superiority

> Neste has a long-run strategy for energy imports. "An increase in Finland's own consumption of oil is not in sight. This is why it is more important than ever to increase the use of natural gas. The Soviet Union, of course, has the largest known reserves of gas in the world. Our long-term vision is

> > Key statistics, 1986 (US\$1000*)

Total number of personnel 31.12.1986

*US\$1 = 4.786 Finnish marks. All figures according to

For further information please contact:

Neste, Corporate Head Office, Public Relations Keilaniemi

SF-02150 ESPOO, Finland

Tel: +358 0 4501 - Telex: 124641

Employed outside Finland

Total number of group companies

Finnish accounting practice

Net sales

Net profit

Investments

Shareholders' equity

Reserves

In autumn last year, Neste completed a 450-kilometre extension of its domestic gas pipeline to bring Soviet gas to the first and second cities of the nation, Helsinki and Tampere. Primary industry.

The idea of a Nordic gas grid may be gaining momentum; Sweden is interested in expanding its use of gas, now negligible, and although Norway's North Sea fields are close at hand, the Swedes want to avoid becoming dependent on a single supplier. A large new source of demand from Sweden to be able to create a Nordic source of demand from Sweden natural gas pipeline, linking Nordic would also improve the viability of

5 271 740

1 587 991

28 136

524 865

10,405

3,444

101



Neste's ihamuotika: New fields for energy

extending Finland's gas pipeline to serve western parts of the country. Not that Neste is concerned exclusively with marketing Soviet fuels. In previous years, it has bought sizeable amounts of oil from the Middle East. The company is Helsinki and Tampere. Primary also continuing its oil exploration programme, "though more plants and the pulp and paper cautiously than before, during this industry." period of low oil prices."

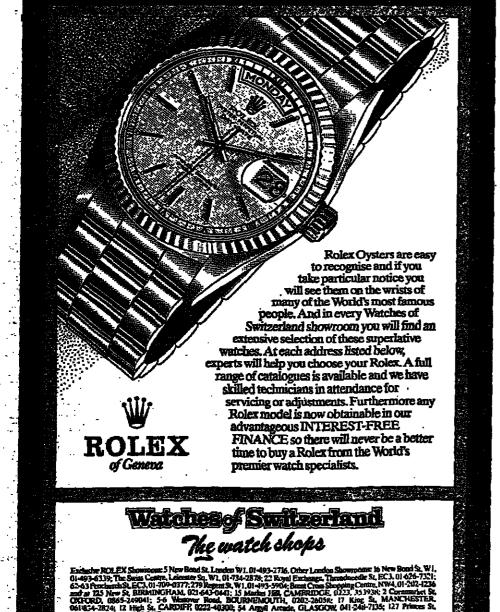
Oil refining and marketing are going to remain the central parts of Neste's business but it sees its real growth areas elsewhere. One is oil trading, the other chemicals, in particular the raw materials of the plastics industry, polyethylene and polypropylene.

Outgrowing Finland Expansion has taken Neste

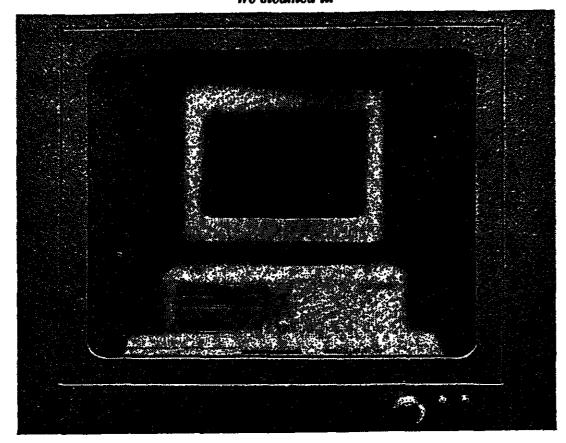
beyond its original Finnish dimensions to an increasingly international future. "Within the past 5-6 years, we've become a Scandinavian company, And when we bought a polypropylene factory in Belgium last year, it was our first step to starting production in the EEC area. To a large extent we are already an international company—more and more of our customers are from outside Scandinavia."

As a result, the orientation of the company is changing, along with its investment strategy. Oil refining facilities and the natural gas pipeline continued to claim a large share of last year's investments, but large and growing sums are also being spent on research, development and marketing.

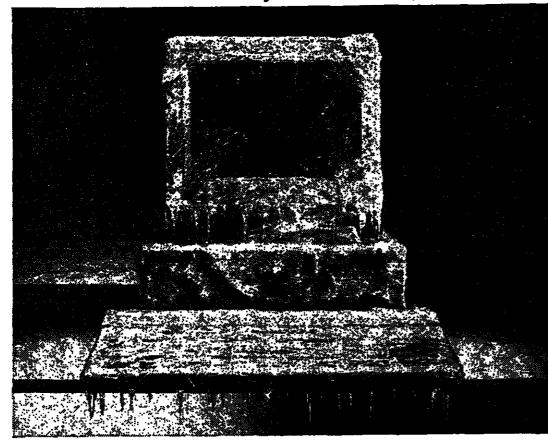
This year's vigorous inter-national advertising campaign is evidence of the same. Previously familiar only to a few, Neste is raising its public profile. "All our companies are seeking to win themselves permanent advantages over the competition," Ihamuotila says. "High refining standards, speciality products, our own high technology and customer orientation are the way we will do it."



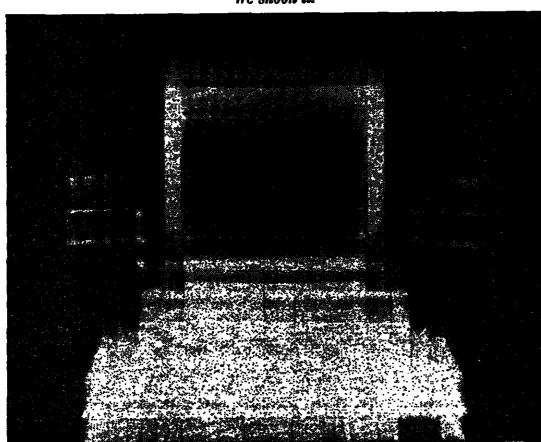
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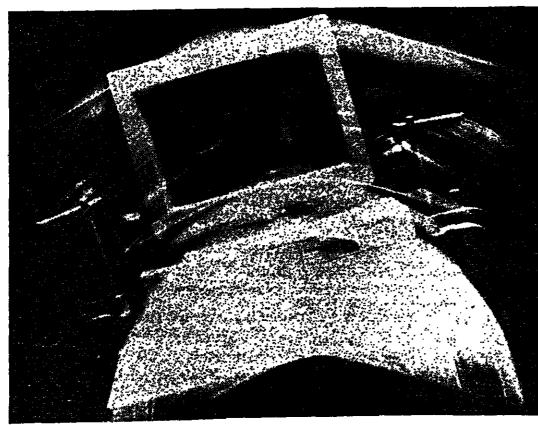
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HEWLETT PACKARD We can work it out.

Fiji's Indians urged to further reconstruction

FLIPS Governor General, Ratu Sir Penala Ganilau, now ruling the island state under emerg-ency rule after last month's ousting of the elected government, has appealed to leaders of the Indian community to

help him in reconstruction. The appeal, made yesterday in a nationwide radio address, came as Dr Timoci Bavadra, the deposed Prime Minister. and two ministers in his former Cabinet, began a visit to London to lobby for British support.

to lobby for British support.

Because of Thursday's election in the UR, the timing of
their visit could not be more
difficult. The delegation will
be unlikely to see ministers in
Mrs Thatcher's government,
although Foreign Office officials
will be available.

They are due to see Six

They are due to see Sir William Heseltine, the Queen's private secretary, today. They will not be able to see the Queen as constitutional procedures in these circumstances mean that she takes advice from the the Governor General rather than politicians.

They are concerned not only

by what they see as their illegal ousting from office and the Governor General's decision to dissolve parliament, but also by plans to change the constitution to strengthen the rights of indigenous Fijians at the expense of the ethnic Indian community.

In their view such changes cannot be implemented without parliament's backing. They also take seriously the threat by Col Rabuka, the army officer who led the coup and now heads the military, to push for a Re-public if the changes are not

In his radio address Sir Pensia was said to have ap-pealed to the nation to put aside the "politics of fear and



racial aggression," and give him support to return the country

sole executive control of the country, he acknowledged that Fiji's situation remained serious, urged an end to strikes and appealed to sugar workers to start the delayed 1987 har-

Last week the Governor General held talks with Dr Bavadra in an apparent attempt to persuade him to participate in the Council of Advisers help-ing the Governor General to run

is a Fijian, is accompanied by Mr Jaj Jam Reddy, the former Attorney General, and Mr Tupeni Baba, the former Edu-cation Minister, both Indians.

UK-Iran conflict eases

By Andrew Gowers, Middle East Editor

THE ROW between Britain and Iran over the abduction of a British diplomat in Tehran appeared to be receding yester-day after Iran ordered the expulsion of five British diplomats from its capital.

mats from its capital.

Mr Edward Chaplin, the
British first secretary who was
beaten up by Revolutionary
Guards 10 days ago and held
for 24 hours, is one of the fire
and is due back in London

today. today.

The Iranian authorities have apparently shelved plans to bring charges against him. Mr Ahmad Gassemi, the Iranian consular official whose arrest in Manchester on shoplifting charges last month apparently sparked off the affair, left Britain at the weekend.

Iran's decision, announced on Saturday, was taken in retalia-tion for the British Govern-ment's closure of the Iranian

ment's closure of the Iranian consulate-general in Manchester and expulsion of five Iranian consular officials.

The Foreign Office, which warned Iran last week against any retaliation, immediately attacked the move as "unjustified and unacceptable."

Officials pointed out that it

Officials pointed out that it leaves Iran with a full comple-ment of 19 accredited diplomats in its London embassy, while Britain now has a severely reduced presence under the Swedish flag in

Privately, the Government seemed relieved that Iran did not react more harshly to its action. "Our first priority is to see the conclusion of the cur-rent wave of expulsions," said one official yesterday. "There is no real pressure for us to rush into producing a reaction to this latest Iranian move."

Allegations at the weekend by Mr Denis Healey, the Labour foreign affairs spokesman, that the cooling of Iranian and British tempers reflected a deal between the two governments were vigorously denied by the Foreign Office.

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Bayadra: in

to democracy.

Reasserting that he was in

the country.
In London, Dr Bavadra, who All three were members of the multi-racial coalition government which won office for the first time at general elections in April.

Sihanouk denies negotiation

denied that his decision to re-sign as leader of the Kampuchean Resistance Coalition was made in order to negotiate with Vietnames or the Kampuchean governments, AP reports from Bangkek, But he left the

door open to such contacts.
"I have not had and I do not have any contact with the people from Hanio or Phnom Penh or Moscow and I do not have any plan to establish any contact whatsoever," Prince Sihanouk said in a May 29 telegram to his son and represen-tative in Bangkok, Prince

Norodom Ranariddh. But he added, "If one day a person from the opposite camp would like to come to greet me, I shall not fail to let the whole world know."

Burma rebel HQ falls

Burmese troops captured the surnese troops captured the jungle headquarters of Kachin insurgents in the mountainous northeast Burma near the Chinese border on May 29, the Burmese Government claimed late on Friday, Chit Tun reports from Rangoon.

The Government said troops began the offensive against the Kachin Independence Army, the fighting wing of the underground Kachin Independence Organisation, on May 22 and bad had 25 encounters had had 35 encounters

Kuwaitis condemned Six Kuwaitis were sentenced to

death by the State Security
Court on Saturday for
sabotaging vital oil installations
and plotting against the Gulf
Arab emirate, Reuter reports.
Four of the 16 Kuwaitis on trial, including two sentenced to hang, are still at large. Diplomats said names of the accused, men aged between 19 and 36, indicated most were of tranian origin.

Turks vote for mayors More than 100,000 people voted for mayors in 84 centres across Turkey yesterday in what will amount to a test of popularity for Prime Minister Turgut Ozal's ruling Motherland Party, Reuter reports from Ankara Reuter reports from Ankara. There are about 300 candidates and political analysts said its outcome will determine whether Mr Ozal calls an early general election—not due until Novem-



Soviet economist seeks price system reforms

abandoned

Australian

union move

AUSTRALIA'S outgoing Labor Government, seeking to preempt industrial pressure ahead of the July 11 election, has said a controversial provision in its ill-starred industrial relations legislation would be abandoned

when the bill is re-introduced. The commitment, made on Saturday, was the second key policy decision in two days to be announced by Labor as it gears up its election campaign. On Friday it said it would terminate the unpopular two-airline policy which restricts competi-

tion on domestic trunk routes.

Both decisions steal ground from the opposition Liberal and National parties and graphically illustrate Labor's continuing pragmatism. The Liberals had already indicated they would deregulate the airways and radically reform industrial

Labor was unexpectedly forced to withdraw its Indus-trial Relations Bill last month, only two weeks after introduc-ing it in parliament. The bill replaced 83-year legislation which had become the cornerstone of Australian industrial relations.

Its provisions, particularly those eliminating employer access to the common law, pro-voked a voluble outcry from the business community, which planned a big campaign against THE Soviet Union must completely change the way its price useless," according to Mr Levikov said in an intersystem works if economic re-Alexander Levikov, head of the view that a half-way reform could be dangerous. Introduc-

The argument

reformers is that plans to decentralise management by

making Soviet enterprises self-

financing and deendent on profits are doomed unless the prices charged for the goods

they produce and consume reflect demand and are largely

determined by contract nego-tiated directly between supplier

forms to be discussed by a key Economics Department at the meeting of the Communist Party weekly Literaturnaya Gazeta, Central Committee later this and an influential advocate of month are to have any effect radical economic reform in the according to senior Soviet Soviet Union. economísts. In the run up to the meet-ing there has been a notice-able sharpening of the debate

within the Soviet press on the degree to which control of the economy should be decentral-ised and economic management determined by the market rather than the plan.

Without change in the price

Dr Atef Sedki told parliament at the weekend that Egypt aimed during the 1987-1992 plan substantially to increase private sector investment from about 23 per cent of total investment of \$28.8bn in the in the old plan.

Dr Sedki said the Government's main aim was to increase local production and

lessen dependence on foreign loans and imports. Egypt also hopes that by

sector it will help create employment for increasing num-

Egypt's trade deficit in 1985-

1986 reached \$8.1bn. It is running a balance of payments deficit this year of about \$3bn. Dr Sedki made an apparent

worrying incidents of violence on the streets of Cairo. Gunmen have tried to murder a interior former interior minister, American officials and a promi-nent newspaper editor in the former It is estimated that public

between enterprises.

French officials have con-

This follows a rescheduling

economy cannot be divided up Mr Levikov said in an inter- into different zones with some administered from the centre and others managed through commercial relations between autonomous enterprises.

tion of a new system of price formation without abolishing The 307-member Central Comthe old would necessarily promittee, to which all the most duce a clash between allocation by the State Committee for Supply (Gosnab) and the development of wholesale trade month for what is considered a crucial meeting on economic reform. Despite calls by Mr Mikhail Gorbachev, the Soviet The same points are made by Mr Stepan Sitaryan, deputy head of a special commission in leader, for radical economic charge of economic reform, writing in the influential party reorganisation Soviet econo- success in the Baltic Republics mists say economic management and the Caucasus where there political monthly magazine Kommunist. He says that the to power in 1985.

labour introduced on May 1 and decrees legalising certain types of co-operative ventures are only having a limited impact because they are largely confined to second jobs. Mr senior Soviet officials belong, is Levikov says that in East Gerto meet in Moscow later this many three-quarters of services are provided by self-employed or members of co-operatives

working full time. He said that a small private sector stood its best chance of success in the Baltic Republics has changed little since he came is a tradition of self-employment and small workshops

Egypt raises private investment target Canada to buy N-subs

pledged that private sector investment will reach about half new investment under the country's second five-year plan starting July 1.

Buttle Minister nas giving sector investment under the country's second five-year plan people.

EGYPT'S Prime Minister has giving a boost to the private reference in his speech to recent of unemployed young

past several weeks.

firmed the resumption of the delivery of Mirage 2000 aircraft for Egypt's air force.

of some \$12bn of Egypt's government guaranteed debt through the Paris Club of Western creditor nations. Egypt's military debt to France is about \$2bn.

CANADA plans to buy up to a to review and strengthen the marines, and almost to double

its troop reserves, as part of the most ambitious modernisation of the country's armed forces since 1945.

years, resulting in total outlays of at least C\$183bn (£83bn). The paper, the first detailed outline of defence policy in 16 years, stems from a commit-ment by the Progressive Con-servative Government, when it took office in September 1984, Norway during hostilities.

country's military resources.
Mr Perrin Beatty, Defence Minister, said the new sub-marines will be armed with conventional weapons and used mainly for Arctic patrols. A long-awaited government white paper, published at the weekend, pledges to maintain submarine order, which is exgrowth in defence spending at a minimum of 2 per cent a year in real terms over the next 15 also, a fixed surveillance also.

Also, a fixed surveillance system will be installed under the Arctic ice. The white paper also pro-poses to cancel Canada's "un-sustainable" commitment in Nato to deploy an army brigade and two fighter squadrons in

ueen

Ouietly and smoothly our financial talents flow through the financial institutions of 64 countries.

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SOCIÉTÉ GÉNÉRALE

US to press for radical reform of agricultural trade

BY PETER MONTAGNON, WORLD TRADE EDITOR

sweeping proposals for the ever to press for speedy and reform of world agriculture practical commitment by its trade at the Geneva talks on multilateral trade liberalisation form of world agriculture. being held now at General Agreement on Tariffs and

The proposals, due to be tabled on July 6, will emphasise the need to shift from production and export subsidies to direct income support for

not be known until after the Venice Summit of industrial country leaders due to get countries around the world. under way this weekend.

operation and Development, reform, they argue.

SHIPPING REPORT

Panamax Gulf-Japan dry

OWNERS OF dry cargo tonnage rates appeared to be holding

Galbraith's,

anxious few weeks following a sharp fall in rates for the prime Panamax trade from the Gulf of Mexico to Japan.

Brokers said rates had fallen from a high of around \$18.25 per ton to around \$16, with a low of \$15 reported for a vessel relatively health; a leading US for mid-lung use for mid-lun

cargo rates fall sharply

BY KEYIN BROWN, TRANSPORT CORRESPONDENT

are likely to experience an steady.

anxious few weeks following a Galbi

The fall in rates encouraged

charterers to try to use the midsummer period to reverse

the recent rise in rates in other

sectors of the dry cargo market.

There appears to have been little change outside the

Panamax Gulf/Japan trade so

far, however. Panamax vessels

are the largest vessels able to

traverse the Panana Canal.

THE US will next month table the US is more anxious than

Officials take the view that there is now a consensus around the world that farm subsidies hurt both consumers and producers because they lead to overproduction at arti-fically inflated prices.

A productive approach to Officials at the US Trade
Representative's Office in Washington said yesterday the proposals are still being drafted and their detailed substance will not be known until after the way which is obscured by the special interests which dominate farm politics in many

Though reform would cer-tainly be a lengthy process, it However, following the recent Ministerial Declaration on agricultural reforms by the Organisation of Economic Co-

relatively healthy: a leading US oil company was said to have arranged for 30,000 tons of leaded gasoline to be moved

from Bahrain to Singapore at

Narjes: Closure options are causing headaches

William Dawkins outlines the dilemmas facing Brussels in the battle to reduce capacity

EUROFER, the group of major EEC steel producers, has abandoned its effort to find further voluntary production cuts because the issue has because the issue has because tho handle wit? It official backing.

"The steel producers are not to handle wit? It official backing."

"The steel producers are not to handle wit? It official backing.

"The steel producers are not to change the quota system that supports prices and helps to support products, wire rod and supports prices and helps to support products, wire rod and support products, with the support products, wire rod and support products, wire rod and support products, wire rod and su

The nearly 15.3m tonnes of capacity reductions so far agreed by the steelmakers would come mainly from long products like wire rod or mer-chant bars, manufactured in small mills that are relatively easy to close. That is a long way

short of the 30m tonnes of cutbacks which the European Commission believes are necessary.

However, any more sacrifices would have to come from hot-rolled flat products, where the surplus is heaviest but hardest to close because it tends to be in hig integrated mills, frequently publicly owned and sited in areas of all in plenty of time for member ready high unemployment in states to mull it over before the ready high unemployment in states to mull it over before the France. West Germany and next meeting of EC industry litaly. "We have moved on to a political dimension," explains

The scheme is likely to a political dimension," explains a Eurofer official.

a Fortical dimension, explains
a Eurofer official.
In that sense, Eurofer's abortive scheme has given member most politically sensitive sectors states a convenient excuse to —hot-rolled flat products and

supports prices and helps to keep inefficient steel companies alive.

That will not please the says a senior official.

The steel producers are not scrap all quotas fast, nor will the main villains. Governments it satisfy the UK, because any have been fudging this too, "says attempt to privatise British have been fudging this too, "says attempt to privatise British iron and Steel Continued existence of EC ministers, include the continued existence of EC ministers.

he happier to see quotas gen-erally untouched. That leaves erally untouched. That leaves France and Belgium as the only steel producers likely to accept

The plan will also suggest simplifications to the system of allocating production quotas to individual companies, a move which will be widely welcomed, yndging by the record 35 com-plaints against Commission quota decisions now before the European Court of Justice. Most problematic, however,

will be how to encourage more In that sense, Eurofer's abortive scheme has given member states a convenient excuse to defer politically uncomfortable sense. That controls continue closures beyond what Eurofer that states a convenient excuse to defer politically uncomfortable sense. The problem is that the last aid code dealt with what

European steel cuts test EC's mettle

Netherlands, which wants to official.

"The steel producers are not the main villains. Governments have been fudging this too," says thave been fudging this too," says British Iron and Steel Consumers' Council.

It is now up to the Commission to produce fresh plans for the future of EC steel. But what chauce does it have of succeeding where Eurofer failed?

It now controls about 60 per Cent of EC steelmaking capacity.

Netherlands, which wants to official.

Other options, outlined in a other options, outlined in a other products of the EC's 12 industry ministers, include a closure fund made up from contributions from the steel companies themselves. It is unlikely that companies which have already because some of their higgest cut back heavily will relish the cent of EC steelmaking capacity.

Mr Narjes has also mooted contributions from the coal and steel budget or even from the EC's general budget, propositions which will pose serious practical problems at a time when the Community's finances are in crisis.

However, the Commission feels it has little choice, despite UK and Dutch arguments that a quick return to a free market is the best way to encourage more restructuring. "We have to find a way," says one official, "of getting closures at a deeper level than Eurofer has been able to achieve."

Minister fired over Chinese forest fire

By Robert Thomson in Peking

THE SPREAD of China's worst forest fire in recorded history has been blamed on bureaucratic bungling, and the Government has sacked Mr Yang Zhong, the Minister for Forestry, for dereliction of duty.

Northern China has been hit by a series of forest fire in recent weeks the worst of which left at least 200 people dead, razed four towns, made 50,000 people homeless, and destroyed 700,000 hectares of forest. The last of the fires was apparently extinguished late last week after rain fell in the region.

A meeting of the ruling State Council on Saturday held Yang and his ministry responsible for the largest blaze, and strongly criticised him for having not written a self-criticism—the written a self-criticism—the Chinese way of admitting fault and seeking the party's forgiveness—until prompted by senior officials.

officials.
Yang, 55, who had his character savaged yesterday by the Chinese media, was also criticised for not having gone to the scene of the fire, in Heilongiiang province, near the Soviet border. Other sackings could follow, as the State Council announced an investigation into the ministry and the fire-fighting command.

Diplomats suggest that Yang may be a victim of military dissatisfaction with the Government handling the fire. Many of the 42,000 fire-fighters were soldiers and the military has been loudly praised for its gallantry during the disaster.

Forestry officials have already confessed that fire-fighters were hindered by primitive equipment, often nothing more than a branch or water-soaked clothes, and that the building of fire-breaks was badly handled. But the Governme is yet to admit that it made a mistake by refusing-on-the-ground assistance from other

countries. Five men have been arrested for accidentally starting fires in Heilongjiang. Three have been accused of carelessly discarding eigarette butis, while another two men are said to have started blazes through recklessly handling chain-saws.

The Government has not revealed what will be done with

the five charged men, but, given China's record of severe punish-

ment in negligence cases and the damage caused by the blazes, they could well be shot.

Nigerians mourn elder statesman Amtrak awards rail equipment MORE THAN 250,000 Nigerians ing the country's three-year mark a re-alignment of political flocked to the southern town of civil war, flew in from Britain forces within the country as the

order to Asea By Sara Webb in Stockholm

ASEA, the Swedish electrical engineering group, has won an order worth SKr 95m (£9m) to supply technology and electrical equipment for seven high-speed electric loco-

Amtrak. Amtrak operates most of the inter-city passenger trains in the US and has ordered the seven new locomotives for the Metroliner service be-tween Washington and New York. The locomotives can travel at speeds of up to 125

mph Asea and the electro-motive Worldscale 250-a substantial division of General Motors in Illinois have co-operated Japanese charterers were also in the development and manufacture of the loco-

reported to have been paid Worldscale 140 for a 50,000 tons movement from the Middle East motives. Under a licence agreement, Gulf to Japan; and Frota, the Asea is responsible for the design work and electrical parts while General Motors' electro-motive division is responsible for the mechanical raverse the Panana Canal.

Brazilian state company, booked
In the tanker market, brokers at least six vessels for June reported a very low level of loading from terminals in activity, particularly in the Brazil to destinations including Middle East, though freight the US and West Africa.

Ikenne on Saturday for the the day before the funeral to funeral of Chief Obafemi pay tribute to Chief Awolowo Awolowo, former premier of the who had been his finance comWestern Region and thrice demissioner in two successive Western Region and thrice de-feated candidate for the country's presidency.

Since 78-year-old Awolowo died on May 9, Nigerians, encouraged by vigorous newspaper and television coverage, have joined in a month of national mourning for one of the country's most distinguished

Saturation television coverage of the funeral service and pro-cession which lasted nearly eight hours was watched by tens of millions of Nigerians. The main markets in Lagos and in the west of the country were closed and streets took on a carnival-like atmosphere with stall-holders giving away food and drink and transport companies offering free rides to Awolowo's birthplace at Ikenne.

Gen Yakubu Gowon, former president and commander in seeking to capitalise on his chief of the armed forces dur-

The present military govern-ment under President Ibrahim Babangida sent a 16-man delegation led by Rear Admiral Augustus Aikhomu, Chief of General Staff, to attend what local newspapers described as "Awo's last political rally."

Chief Awolowo whose own political career had been chequered - he spent three years in jail in 1960s on charges of treasonable felony—was known to be particularly sympathetic to the present government, des-cribing President Babangida as "a young man who is doing his best under very difficult circum-

The sometimes tearful redeath which they believe will 1983.

forces within the country as the military government prepares for a return to civil rule scheduled in 1990.

Chief Awolowo was one of three leading nationalist politi-cians—the other two being Dr Nnamdi Azikiwe and the late Sir Ahmadu Bello who domi-nated Nigerian politics im-mediately before and after independence in 1960. But all three were constrained by their dependence on a regional base. The new generation of political aspirants are trying to form wider alliances across the 19 states of the Nigerian federa-

Meanwhile, the Government appears determined not to be hurried into starting the process for the return to civilian rule. Nigerians are still eagerly awaiting government reaction to a report investigating the membrances of Chief Awolowo best form of political system have not stopped politicians— for the country to succeed the many of whom were his sworn former civilian system of collateral for private loans—foes at the hustings—from government overthrown by the seeking to capitalise on his military coup in December criminal penalities would en-

change law on rubber cheques By Robert King in Taipei

Taiwan to

TENS OF thousands of Taiwanese cheque-bouncers, may be freed from fear of imprisonment soon.

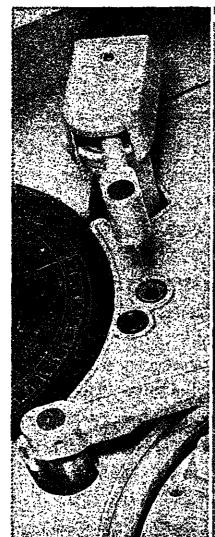
The Government has asked parliament to pass a measure that will, in effect, decrimi-naised bad cheque writing, thus freeing more than 1,400 now in jail and removing another 31,000 from the wanted lists. Until January 1, people whose cheques bounced could be auto-

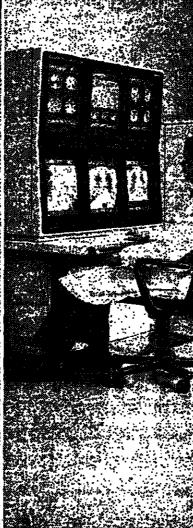
matically charged under the criminal code — whether the bad cheque stemmed from oversight or intent. But, no matter how severe the penalties, the practice continued.

The Taiwanese tend to view cheques as instruments of

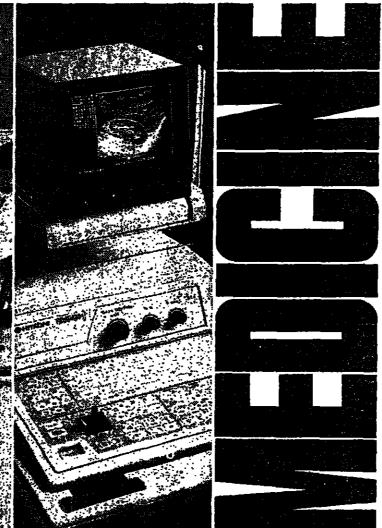
credit, rather than of payment.
The issuance of cheques dated
months in the future had been
for years a common form of
collateral for private loans—

Medicine should be more than the ability to treat or cure. The best care and treatment come from precise diagnosis.







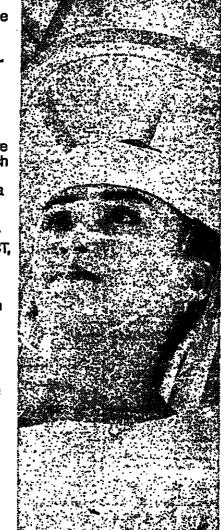


Medical electronics have brought marvelous progress to diagnostic medicine in recent years. Great strides have been made in biochemical analysis, electron microscopes and medical information systems. Another shining example is the advent of imaging equipment which uses magnetic resonance to display even the most subtle changes in body chemistry. Hitachi's scientists and engineers are now at work on an innovative system which

will make it feasible to store, retrieve and use comprehensive diagnostic data from a wide array of imaging equipment – from the most sophisticated Magnetic Resonance Imaging units (MRI) to nuclear medicine, ultrasonic scanners and X-ray CT, to name just a few. This Picture Archiving and Communications System (PACS) should lead not only to more precise diagnosis but also to formation of research and education information networks which use medical image data to the fullest.

Hitachi are also developing highly advanced electronic microscopes for exploring the world of micro-fine objects indispensable in basic studies of medicine and biology. And we are creating medical equipment such as an automatic blood chemistry analyzer and an information processing system.

We link technology to human needs. We believe that Hitachi's advanced technologies will result in systems that serve peoples' needs more precisely and fully than ever before. Our goal in medicine and communications, energy and transportation as well - is to create and put into practice innovations that will improve the quality of life the world around.







AMERICAN EXPRESS

PROFILES

OF SUCCESS

There was a time when all you could smell as you went through Consett in County Durham was the steel works.

Now instead of a dank, dark reminder of the smelter, the passer-by gets an incongruous whiff of tortilla chips.

The great concrete cooling towers have been demolished and replaced by a brand new industrial estate, one of whose inhabitants is County Durham's most fashionable export – Phileas Fogg snacks. From Mignons Morceaux to Corn Crackers and those insistent Tortilla Chips.

Consett has become the centre of what one industry expert has called "the most exciting new departure in the British snack market for decades."

It started simply enough: four men who wanted to work in the North-East of England believed they'd found a gap in the market. Derwent Valley Foods, as they rather poetically called their company, came into existence as the steel works closed down.

"The idea really was simple," explains Roger McKechnie, Derwent Valley's Chairman and Managing Director. "We single-mindedly set out to chase two things - innovation and quality."

"We didn't want to compete with the big boys head

on, we wanted to create new markets for specific target groups. People were travelling abroad more, they were drinking more wine, eating more exotic foods, and yet there was no snack for them," says the company's co-founder and Marketing Director Ray McGhee.

Roger McKechnie brought back tortilla chips from a trip to the United States. "They were the most awful things we'd tasted in our lives; but we thought we could anglicise them." They decided to try the same trick with croutons, "which we turned into Mignons Morceaux."

"We had the products, and we had a concept - that they were cosmopolitan snacks - but we didn't have a name," Ray McGhee remembers. "So we wrote down a whole list of possibilities."

"Somebody put down Phileas Fogg, somebody wrote down Marco Polo – but I can tell you Vasco da Gama didn't get many votes." Eventually Phileas Fogg emerged as favourite. (Jules Verne buffs will know that in some versions of Around The World In 80 Days the name is spelt Phineas. McKechnie's copy has the original French spelling.)

In September 1982 they went into production. Four months later they were almost bankrupt.

"We'd developed all these things and we thought we'd done it right. We'd got all these promises from the supermarket chains, and the multiples. But nothing had really happened. We were just waiting - and getting desperate."

To console themselves they spent what was almost their last £5,000 on a stand at the International Food and Drink Exhibition at Olympia in London, in February 1983.

"That was the turning point. Suddenly we had hundreds and hundreds of enquiries. Even Marks and Spencer turned up to tell us how much they liked them. We didn't look back."

By 1986 Phileas Fogg was turning over £7m and employing 100 people. He had found his way into supermarkets and delicatessens, brasseries and saloon bars all over Britain.

But he had not started out in life quite so glamourously. In fact, when Derwent Valley Foods started up, its four founders worked in a nissen hut while demolition men dynamited the steel works around them.

"We called it Stalag 17. It was so cramped we only had a wall telephone. We had to queue up to use it." For almost six months they worked in that hut, planning a snack company with the help of £250,000 raised from the local development corporation, the bank and Investors in Industry.

Three of the four had come from Tudor Foods, not far away in Peterlee, where Roger McKechnie had been Marketing Director and then, briefly, Managing Director. The logical thing for him to do if he wanted promotion was to move to London.

"But I hate, really hate, the Home Counties," he says fiercely. "And I wanted to start up on my own." Using "the tremendous workers in the North East," Derwent Valley Foods was born and raised in Consett.

The four founders still share an office, though it's slightly larger these days, and they still take every major decision together – quickly. "If we're wrong we change; and we don't recriminate," Ray McGhee explains. "We're a very hands-on management. We're always around, We've got our stamp on everything."

One of the decisions that they didn't hesitate over, and took in their earliest days, was to give themselves a Company American Express Card each. "It was a great boon because we were all travelling a lot."

As the company expanded, so Derwent Valley gave Cards to their senior staff as well. "That helped us keep track of things, which was particularly useful when they start travelling abroad for us. American Express have a system for small businesses, which means we didn't have to set one up."

Given his own passion for travel, Mr. Fogg himself would surely have approved.

spete with the Dig Doys nead — we'd done it right. We'd got all these promises from the — would surely have approve For more about Derwent Valley Foods, sing 0207 506416. For more about the American Express Company Card and its system for Small Businesses, sing 0800 626171 (coll free).



JOHN LLOYD

E can see fear in the handfuls of dust which have blown across this election campaign. These premonitions, barely sensed, playing little part in the hustings pitch of the major parties, nevertheless

darken the future of any government which spatches the double-edged sword of power on June 1L.

The lears are of an economic crisis which might engulf the western world. They surface at every level: among those with power and knowledge, a few of whom are giving voice to fear; among those scrambling for money, who acknowledge that fear is their spur; and among those who have nothing so that fear is their normal state.

Nothing of this emerges in the Prime Minister's triumphalism, though it will swirl around the debates at the Venice summit today. Some did emerge in the speech given by the Chancellor to the Confederation of British Industry on May 19, when he allowed that "the biggest source of concern about our continued economic success lies in fears that in a number of key respects the world her of key respects the world economy may not perform as well as we ourselves are doing . . ." The force of the remark was, however, lost in the coating of electoral saccharine: and the point was

Give the people what they want

more crudely driven home by the party political proadcast showing the British builded lording it over French poodles and such like.

As for the opposition parties, neither wishes to attract the odium of being seen as the messenger of doom. Mr Roy Hattersley, the shadow Chancellor and Mr John Smith, the trade and industry spokesman, have spent ibelr time targeting Thateherism for its neglect of investment, training and investment, training and research and development.

Mr David Steel did devete a speech in Rochdale last Sunday to a warning that there is no way in which Britain can isolate herself from the tempest of monetary instability which threatens the world," adding that "the the world, anding that "the survival of our democracy (could be) put at risk." Yet that, too, went largely unremarked, and is anyway not a dominant theme nor likely to become one in the last few days before polling. But once the campaining is

But once the campaining is over, the fears could move centre stage. They have already been well flagged: the US budget and trade deficits (against which the departed Paul Volcker warned); the danger of protectionism and of continuing currency instability — problems which Mr Felix Robatyn of Lazard Fréres has said will inevitably lead to US, and thus world recession.

world recession.

At home, we face the afteroil world with a manufacturing base still under-invested, under-researched and
under-trained; and we face
galloping growth (in common with other western
countries) in the ranks of the
elderly and dependent, and
of AIDS victims, which will
make it difficult to see how
the health and social services

can be wholly safe in anyone's hands.

In a forthcoming book, Apocalypse 2000, Mr Peter Jay and Mr Michael Stewart dramatise these often unfocused anxieties in order to the model of the Thing them could shape. They

focused anxieties in order to give them solid shape. They position themselves in the first year of the next millenium, looking back on the closing years of this one as a time when democracy was frittered away in fiscal irresponsibility in the US and complacency and stagnation in Western Europe.

It does not matter whether their specific spectre—the rise of a pan-European fascism—will be realised. The important factor is that they important factor is that they reflect and creatively pre-figure trends which even now

undercut and sour the material advance of the many and the extraordinary material luxury of the few. Here intrudes another, less tangible theme. As the discrepancy between rich and poor is ever more sharply accented, and as the con-sumption of the upwardly mobile becomes more conspicuous because more starkly counterposed with the hopelessness of the immobile, so the question is asked—does greed really work to the benefit of all? Or just to the continuing benefit of the greedy?

Why have we not been able

Why have we not been able to develop mechanisms which address the plight of those whose skills, or sweat, will never be required again? How is it that we in Britain have consumed \$60ba in oil revenue in eight years with only the most fragile of re-coveries to show for it, and with a pile of victims only barely maintained in civilised existence by it?

These fears will not all turn out to be chimerical. And those which have sub-

stance will certainly not be addressed directly by any purtative government's pro-gramme, for the main reason that the scope any British-government has for moderat-ing an impending crisis is small. The buildog is on a tight leash, dwarfed by much

larger beasts. But for that space within But for that space Within our control, and the larger one susceptible to our influence, it now seems inevitable that a move back to what may be termed "neo-collectivism" is not just the best bet but is also the message that is seeping through from the voters. from the voters. Their collective fear of

sickness and old age, insuffi-ciently protected, points to a need for continued support for a system which, though it may never be able to deliver the doctor people want on the day they want him, still provides basic security.

It is true that people want more responsive social services capable of stimulating more disease-preventive and healthy behaviour in the population. But the deep, collective district of special interest groups speaks for a governing style which stresses mutual obligation and social integration, a style which is impossible to maintain where it is clearly seen that the most impossible to maintain where it is clearly seen that the most powerful make the least sacrifice to the common good. For the individual, the group or the nation, the un-tranmelled expression of self

trammelled expression of self interest—even if undertaken from idealistic motives—has now reached the limits of any usefulness it may have had.

The old collectives of class are withering (very slowly). But collective needs and anxieties are not, nor are the range of tasks which can only be tackled collectively. That cannot, in a society like our own, be imposed from above. Nor can it be left to an indifferent market.

Individual fears need col-

Individual fears need col-lective solutions: the next government will be con-strained to act on that, if it is not to mortgage our futures beyond hope of repayment.

INTERVIEW

Tidy chairs along the walls have been partially reuphol-stered in fabrics that do not match the originals. The mustard-coloured carpet is worn and soiled at the entrance room from the shoes of visitors who wandered in out of a tropical downpour.

The Singapore prime minister's public austerity is part of years of effort to cultivate the public image of a clean government where officials do not enjoy extraordinary perks of office. One cannot help but suspect there is another side pendence.
to this — that with attention Still Mr rigidly focused on building a

Lee's government took any serious interest in preserving the city's rich architectural heritage, although by then it was largely too late. Mr Lee himself is a plain looking man, often appearing in public in an open-necked long sleeve shirt. He must be one of the only heads of government from a prosperous nation who travels on official trips by scheduled, commercial airliner.

programme.

"This is probably the most difficult phase of my job as difficult phase of my job as difficult phase of my job as learn to think independently and creatively. The young ministers plan to sell off than to allow others to find their own solutions, to express their urges and ethos, and at the same time, remembering that if things go wrong, I'm spent years putting together. Is in charge."

The younger ministers have

Strting in Mr Lee Ruan Yew's reception room, you could easily be forgiven for thinking that you had mistakingly entered the waiting room of a public health clinic. Tidy chairs along the walls Tidy chairs along the walls

Steve Butler talks to Lee Kuan Yew, Singapore's

Prime Minister for 22 years

is Singapore's only prime minis-ter in nearly 22 years of inde-

Still Mr Lee has started the notions of stepping back. He

commercial airliner.

The younger ministers have philosophy?

The energy and determination with which Mr Lee has markable transition, the sort of to be a contradiction. One

amassed and wielded the powers of his office has made many people wonder whether he really intends to step down when he turns 65 in a year and a half, as he said he will. He mittee.

Change that in most nations phase of state activism had could only have been the result matured and come to an end. A younger generation, having assessed the situation decides that in the next phase it is mittee.

Tax rates were slashed, wages controlled, following the guide-lines of a joint public/private sector committee headed by the Prime Minister's son.

rigidly focused on building a prosperous new nation, free from internal and external threat. Mr Lee's interest in his immediate surroundings has taken second place.

It was thus not until tourism began to fall off sharply that Mr Lee's government took any serious interest in preserving.

The Government is now tinkering with a flexible wage ently his own son. Mr Lee scheme and an education policy designed to encourage the formation of private schools—thus introducing possible inequalities of opportunity in a rigid, multi-programme.

to private individuals so that decision making can be more prompt. I don't see the contra-diction."

Rather Mr Lee sees himself, and his People's Action Party, as a fount of pragmatism,

"We have only one unalterable principle by which we are measured. Does it work? If it works, it's right. If it doesn't never mind whether it is a good theory or a bad one."

"Privatisation will work in this phase because we have created a managerial class in the past 20 years. We have educated people. The multinationals have come in and inducted them into management. They are now in middle management; some even in top management. When we started, we had to create the managing class. If we lacked that boldness to have tried, we wouldn't have got the industries which we have, and wouldn't have got

Still, selling off the Government's success stories will not mean the end of Singapore Inc, since the Government has pushed into new ventures in high technology while casting off mainstream industries to the private sector.

"If it comes off then people show for it, they'll say: "There was a lot of stupid statism. The state wastes a lot of resources.'

It's worth trying because the private sector will not try. There are no returns for many years. We've got to seed it. If it succeeds, 15 years down the road, we privatise, and sell it off. Let Glaxo or Beecham take it over."

Not everyone would agree with the Prime Minister that singapore Track. There are more dent nation within the Common weafth.

Prime Minister of an independent independent nation within the Common weafth.

Prime Minister of an independent nation within the Common weafth.

In improving social and political conditions."

And, no bones about it, nearly 22 years of nation-building in a multi-cultural, multi-cultural, and the emotional classifications. Which allows in attachments to values and he institutions which allows in adjustments to be made within equal to produce strong political institutions.

"It's unlike the British which allows in adjustments to be made within equal to produce strong political institutions."

This is one recent by the ease with which so many of the ease wit will say it was right. If its a few hundred million dollars down the drain and nothing to show for it, they'll say: "There was a lot of stupid statism. The wealth.

on the economy. Singapore is the second most prosperous nation in Asia, after Japan.
In the political sphere, Mr
Lee is rather more harsh on
himself. From Singapore's most

recent outburst against the foreign press to the aggressive campaign against a political opposition that has no apparent hope of taking power, the government often appears to act as though it is under siege — as though 20 years of stability, prosperity, and peace in the region have made little

difference. Mr Lee admits that the younger generation has a dif-ferent outlook. They are not haunted by the spectre of near disasters that troubled my generation."

"Their generation have not experienced the war, Japanese occupation, Communist insurgency, British handover of independence, the lean years with massive unemployment and pegligible growth. They grew up in a world of steady continuing development, result-

PERSONAL FILE

1923 Born, Singapore 1942-45 In Singapore and Malaysia during Japanese occupation. 1946-49 Fitzwilliam College Cambridge. 1946-50 Middle Temple, Barrister-

1954 Helpod found People's Action Party, holding office of Secretary-General continuously to present apart from a brief period in 1957.

1955 Elected to Singapore assembly, while still under British rule.

1959 PAP formed government under self-rule, Lee becomes Prime Minister.

1966 Singapore expelled from

Not everyone would agree "It's unlike the British which with the Prime Minister that goes back almost uninterrupted Singapore Inc should turn itself to Charles L The idea of any-

body coming up with a new scheme of government is just preposterous. It's evolution "We have 21 years, coming

you speed up history? It's not ample of what happens if things possible. You can't pressure cook human beings. We're learning right at present to ment never to get trapped into co-exist as one nation, although we are different in race,

language, culture, traditions, religions."

course free from the domineering and paternalistic presence of his People's Action Party. Beyond this is the delicate squaring off of interests among

ment never to get trapped into a confrontational relationship

with these interest groups, especially the labour unions as in the case of Britain." How does Mr Lee propose to do this? You allow them channels.

Had we squeezed out union interests would we have succeeded in getting the succeeded in getting the workers to go along with our industrial policies? There were channels for their views to be trail and the emotional channels for their views to be attachments to values and heard, and as a result their institutions which allows adjustments to be made within equation. Therefore, the result was sweet for them. Their incomes have gone up, 5-6 times in the last 15 years."

The key to all of this, of

course, is a strong, credible leadership, that stands above the fray and is not perceived to favour one or another side. Mr Lee's background as a trade on to 22 years. Insofar as it classes and racial groups in union lawyer has given him sen-can be strengthened in those Singapore, where Sri Lanka situities across a broad spec-22 years, it has been. How can provides a current terrible ex-It is all terribly Confucian

— the virtuous ruler claiming a natural mandate, For over 20 years Mr Lee has provided that sort of leader-

As Mr Lee contemplates his retirement, everyone is won-dering who could replace him and establish the credibility and legitimacy Singapore needs to maintain stability. Mr Lee's son, undoubtedly a capable man, looks the obvious

choice. The Confucian system, however, has a classic flaw — the lack of institutional mechanisms with which to chose a virtuous ruler. Throughout Chinese history, it has felled dynasties even greater than that founded by Mr Lee Kuan Yew in Singapore.

NONTEDISON

NOTICE TO THE HOLDERS OF "MONTEDISON 10% 1985/1992 SPECIAL SERIES SELM/ME.T.A." BONDS **CONVERSION OPTION** BETWEEN JUNE 8, 1987 AND JULY 7, 1987

We inform the Bondholders that an extraordinary meeting of Iniziativa Me.Ta. S.p.A. shareholders will be called to resolve on the merger of Vetiver S.r.l. into Iniziativa Me.Ta. S.p.A., issuing n. 21,894,500 Iniziativa Me.Ta. S.p.A. ordinary shares, representing 49.9% of the share capital of Vetiver S.r.l. equivalent to Lit. 355,787,000,000 owned by a Montedison S.p.A. controlled company. In compliance with the provision of Art. nr. 5 of the Terms of the Montedison

10% 1985/92 Special Series Selm/Me.Ta. bonds, the Board Meeting of Montedison S.p.A. decided to allow to the bondowners the option to request their conversion before due date, with effect from July 7, 1987. Each certificate of 5,000 Montedison 10% 1985/1992 bonds with coupon 4 and following attached and with coupons I, II, III, IV, face value Lit. 1,000

n. 810 SELM savings shares—face value Lit. 1,000 each—with coupon

n. 8 and following attached.
n. 64 convertible SELM 7% 1988/1993 bonds—face value Lit. 4,500 each—with coupon n. 2 and following attached. n. 402 M.E.T.A. ordinary shares—face value Lit. 1,000 each—with coupon n. 59 and following attached.

n. 109 M.E.T.A. non convertible savings shares—face value Lit. 1,000

each—with coupon n. 7 and following attached.

n. 39 convertible M.E.T.A. 7% 1988/1993 bonds—face value Lit. 9,000 each—with coupon n. 1 and following attached.

Conversion aplications must be submitted between June 8, 1987 and July 7, 1987 to the Milan offices of Credito Italiano, Banca Commerciale Italiana, Banco di Roma, enclosing the relevant debenture securities with coupon n. 4 (expiring July 1, 1987) and following as well as the coupons from I to IV attached thereto.

The amount of the missing coupon is to be paid by the Bondholder. On conversion, Montedison must be refunded the amount of the subscription price of the securities which Montedison advanced for the rights issue of M.E.T.A. and for the convertible bond issue of SELM and M.E.T.A., increased by the relevant interests as per article n. 5 of the Terms of the Bonds.

The net amount to be refunded for each 5,000-bonds certificate is equal to

The applicant will be endowed with a copy of the conversion request which is avaiable to collect ordinary and non convertible savings shares of M.E.T.A., savings shares of SELM, and convertible bonds of SELM and M.E.T.A. **AUTHORIZED BANKS**

IN ITALY Banca Commerciale Italiana, Credito Italiano, Banco di Roma ABROAD (commissioned by Italian banks pursuant to the current legislation) In the U.K.

Hambros Bank Limited — London In Luxembourg Kredietbank SA — Luxembourg In Switzerland Union Bank of Switzerland - Zurich

MONTEDISON S.p.A. The President
(Ditt. MARIO SCHIMBERNI)

A fragile blow for freedom

extracts from Peter Wright's book Spycatcher.

Mr Wright's allegations about misdeeds within the security services were the precise subject matter of injunctions granted to the Attorney General last summer against the Guardian and the Observer.

Yet even if the sags of offi-Yet even if the saga of offi-cial attempts at suppression of

M15 secrets is fast proving un-attainable, and Mr Wright's book will soon be legally pub-lishable in this country, the newly acquired freedom to pub-lish may not be as secure as it

lish may not be as secure as it seems. To appreciate the niceties of legal control over press freedom, it is necessary to retell the story.

Peter Wright, a disappointed exofficer of MI5, had on retirement withdrawn to Tasmania where he began to write his memoirs. The completed manuscript was offered to the publishers, Messrs Heinemann. in Melbourne, Australia. The British Government learnt of the author's intentions to spill the beans about the misdeeds of MI5, in particular an alleged conspiracy within the security services to destabilise the Wilson Administration of the 1970s. The Attorney

HE MEDIA appears to be life-long duty of confident of their freedom to publish. The occasion was last Tuesday's fore a maverick judge, Mr Justice Powell concluded that the Court thought there was no such contractual had just started against the obligation on Mr Wright and Independent and others should be decided the case against the British Govrnment. There was no contempt of court, there A ted and resounding blow a life-long duty of confidentiality. After a torrid time before a mayerick judge, Mr Justice Powell concluded that the contractual one of the two other London dailies were not guilty of contempt of court when, at the end of April, they published extracts from Peter Wright's book Spycatcher. secrets. (An appeal is to be heard by the New South Wales Court of Appeal at the end of next month.)

The Guardian and the Observer had meanwhile been publishing articles outlining allegations said to be contained allegations said to be contained in Mr Wright's memoirs. Last summer the Attorney General moved against them in the English courts and obtained injunctions from a Chancery judge whose judgment was upheld in the court of appeal. An appeal to the House of Lords was due to be heard next week but has been indefinitely week but has been indefinitely

No other newspaper had been threatening to publish any of Mr Wright's memoirs and so was not subject to the injunc-tions granted against the two newspapers and the Attorney General did not write to any other editor of a newspaper or journal for an undertaking not to publish. But of course every journalist was accused. journalist was acutely aware of the ban on the Guardian and the Observer.

of MI5, in particular an alleged conspiracy within the security services to destablise the Wilson Administration of the 1970s. The Attorney change under the ban on publication of the courts in New South Wales to restrain the publishers from publishing.

The basis of the British Government's case was that Peter the Observer. At the end of April, 1987, the Independent — much to the irritation of its rivals who were change under the ban on publication of the published a lead story depicting a section of Mr Wright's book, which appeared to be exactly what the Guardian ernment's case was that Peter

was no contempt of court, there could be no reason why the injunctions should remain.

The injunctions which the Attorney-General had sought in the summer of 1986 specifically prohibited the Guardian and the Observer from publishing anything from Mr Wright's book. No other newspaper was made a party to those proceedings and, so the argument runs, they could not be prevented from doing the acts prohibited unless they had aided or abetted the Guardian and the Observer in breaching the terms of the injunction.

All this flowed necessarily from the fact that the Attorney-General was proceeding against the newspapers in private law he newspapers in private law decorously as it can that the or breach of confidentiably by Australian decision is unappealable. In any event, the injunctions against the Guardian for breach of confidentiality by

namely, the night of an em-ployer to restrain a former employee from disclosing con-fidential information. There was no reliance on any public law rights that might spring the provisions of the Official Secrets Act.

If in granting the 1986 injunctions the court was not enforc-ing any public right referrable ing any public right referrable to the preservation of official secrets for the public welfare, no third party could be affixed with the prohibition in the injunctions. The rights existing within the private law sector could not reach outside its frame of reference and ensuare considers.

outsiders.

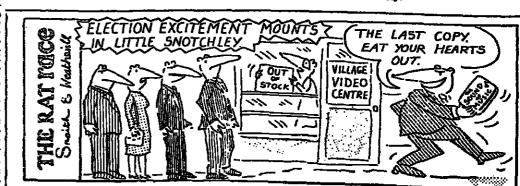
That line of reasoning lay at the heart of Mr Justice Powell's judgment last March in the New South Wales court. If the same reasoning by the Vice-Chancellor proves to be appeal-proof then the Government will have to concede as decorposity as it can that the



and the Observer must fall

away.

The Government's one resi-The Government's one residual argument must be that it is fallacious to analyse its legal action against the Guardian and the Observer as exclusively within the private law sector, and that the lifelong preservation of confidentiality by a Crown servant imports a public law clametr. It tiality by a Crown servant imports a public law element. It is a confidentiality special to those in government service handling state secrets, and transcends the ordinary right of an employer to stop his employee from disclosing trade secrets, a right exists only so long as the employment lasts. The difficulty about the Government's argument is its novelty.



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UK NEWS

Lloyds forecasts further fall in dollar

By Janet Bush

THE SOMEWHAT half-hearted commitment of the Group of Seven leading industrial nations to currency target zones cannot be expected to give more than a few auths' breathing space for the dollar, according to a report by

It predicts the Venice su may encourage a period of stability for the dollar, but by September it will be weakening again. In March 1988, Lloyds forecasts, the dollar will have fallen to Y127 and DM 1.60 from around Y140 and DM 1.80 new,

Lloyds says the 67 linance ministers are unlikely publicly to announce target hands which, because of the flexibility this allows, robs them of some of their credibility.

The great is posed by the US trade deficit rather than inflation and by the deness in the economy which will discourage the US Federal Reserve from poshing up interest rates sharply when the dollar

end of May did not signal the end of the decline, Lloyds says, but reflected the narket's awareness prior to the Venice summit that strong official intervention had been taking place, possibly with-in unpublished target zones. The replacement of Mr Paul Volcker as Ped chairman by Dr Alan Greenspan in August will mean a new uncertainty sur-

rounding monetary policy.
Although the latest reflation parkage in Japan has more subcently, it is unlikely to have much immediate impact on the Japanese trade surplus and the yen will thus continue to

Lloyds suggests the current mannounced target bands for secting are \$1.59 to \$1.53 and DM 205 to DM 2.78.

The pound may join the ex-hange-rate mechanism of the rate against the D-Mark close to its current notional central rate of DM 2.78 in the third quarter of this year if the West German curreacy strengthens as projected.

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Bank executives worry over new act's impact

BY BARRY RILEY

some merchant banks and securi- nance. ties houses are becoming anxious that no arrangements have yet been made for regulatory cover for their activities under the Financial Services Act.

Aspects of their operations in areas such as new issues and mergers are certain to be defined as investment business under the terms tain authorisation.

applied for possibly only four making.

months away, there is no self-regulatory body with an appropriate gulated by

CORPORATE finance executives in rule-book covering corporate fi- der the Banking Act, and there is

Takeover Panel and the Issuing are supervised by both TSA and the Houses Association have turned Bank of England. down suggestions that they should

of the act and corporate finance departments will therefore need to oband other organisations active in book. corporate finance are also TSA However, with the final date at members in respect of their other sisting any suggestion that a spewhich such authorisation must be activities in broking and market cial category of membership, to

gulated by the Bank of England un- rate finance firms.

concern that there could be a clash It is understood that both the of regulations if the same groups

For instance, certain capital become specialist SROs for corpo-rate finance. adequacy requirements are laid down by the Bank of England, and Now the proposal is, however, it will not necessarily be the case that the Securities Association that TSA's similar regulations will should regulate the sector. There is be compatible, at such time as it

It is understood that TSA is rewhich separate rules would apply, The merchant banks are also re- should be made available to corpo-

Sales of low-cost Amstrad stabilise

SALES of the low-cost personal computer launched in September by Amstrad, the fast-growing UK consumer electronics group, are now beginning to stabilise, accord-

ing to Rumtee, a specialist market research company. Amstrad accounted for 39 per cent of the 120,000 machines sold in the UK in the first three months of 1987, followed by International

Milk deliveries continue

grocery chains increase their per-centage of milk sales, according to a report by Dairy Crest Foods, a subsidiary of the Milk Marketing

deliveries were losing volume sales

and Apricot (5.7 per cent).

Market shares by value were differing prices of the machines. IBM took 33.6 per cent of the £200m sales in the first three months of the year, followed by Amstrad (13.4 per cent), Compaq (8.9 per cent) and Apricot (8.8 per cent), according to Romtec.

Business Machines (20.4 per cent) However, Romtec believes the first-quarter results reflect excep-tional sales of the Amstrad mavery different because of the widely chines in January and February, after their lack of availability imme diately following their launch in

Romtec says the March figures are more likely to reflect the sort of level at which Amstrad's sales will



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June, 1987

to dwindle

DOORSTEP deliveries of liquid milk are continuing to fall while

The Dairy Crest Milk Report 1987 said sales of milk through retail outlets, including supermarkets, were growing at approximately 20 per cent per annum while doorstep at 4 per cent a year. In 1986 door step deliveries accounted for 86.6 per cent of liquid milk sales

The report predicted that by 1990 doorstep deliveries would fall to 75

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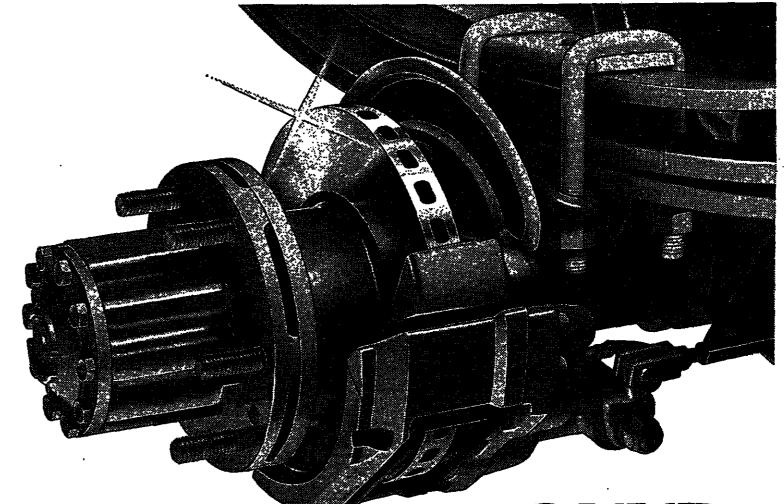
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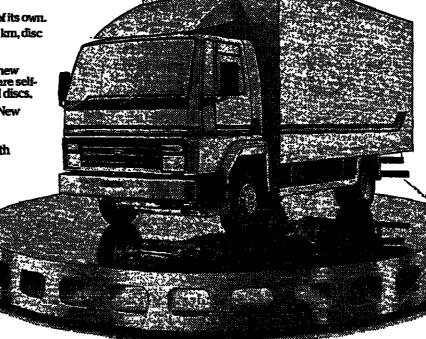
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NOTICE CONVENING THE ORDINARY AND EXTRAORDINARY **GENERAL MEETING**

The Shareholders of STET-Chicle Finanziaria Telefonica p.a. are hereby notified that the Ordinary and Extraordinary General Meeting will be held in the Conference Room of Company's headquarters in Via Bertola 34, Turin, at 9 a.m. on the 16th of June, 1987 and, if necessary, a second meeting will be held on the 30th of June, 1987, at the same time and place, to discuss and

AGENDA

- 1. Board of Directors' Report and Statutory Auditors' Report; Financial Statements for the year ided 31/12/1986; relevant resolutions
- 2. Auditors' remuneration for the financial year 1986 and its adjustment in consequence of the merger of SEAT S.p.A. with STET.
- 3. Resolutions according to art 2364, points 2 and 3 of the Italian civil code.

Proposal of merger of Tecnofin Finanziaria di Partecipazioni per le Tecnologie Elettronichee di Telecomunicazioni S.p.A. with STET - Società Finanziaria Telefonica p.a.; relevant resolu-

The Shareholders shall have the right to attend the meeting provided that, at least five days before the date established for the meeting, they have deposited their ordinary share certificates with the Company's Securities Department in Turin, Via Bertola 28 or with Head Office in Rome, Corso d'Italia 41, or with any other duly-authorized department, as well as through Monte Titoli Abroad, the ordinary share certificates may be deposited with foreign branches of Italian au-

for the Board of Directors

The Company's Financial Statements, the relevant enclosures, the reports of the Board of Di-rectors, Statutory Auditors and independent Auditors, the Group's Consolidated Financial Staternents and the relevant independent auditor's report will be avail Offices in Turin and Rome from the morning of the 11th of June.

Compass poised for big management buy-out

BY ALICE RAWSTHORN IN LONDON

THE MANAGEMENT of the Compass Group, which is composed of the contract services division of Grand Metropolitan, is set to stage the biggest British management buy-out yet by buying the business for £180m.

Once the buy-out is completed, Compass will emerge as one of the largest contract services businesses in Britain operating within contract catering, international catering and property services, building services and private hospitals. The four businesses made pre-tax profits of £10.2m on turnover of £231m in the last financial year to September 30 1986 and should produce profits of at least £16m in the present year. The buy-out team is headed by Mr Gerry Robinson, who was draft-ed in to Grand Met's contract ser-

vices division - then in losses three years ago. He will run Compass as chief executive alongside its four divisional managing directors. The buy-out has been assembled



buy-out relatively simple.

finance comes from a medium-term loan from the National Westminster

Compass is the latest in a series of divestments for Grand Met which is in the throes of a long-term strategy intended to concentrate its interests on consumer businesses. The buy-out, which is priced on historic exit multiple of 22, will reduce the group's gearing by 15 per cent

Mr Allen Sheppard, group chief executive who will become chairman of Grand Met when Sir Stanley Grinstead retires at the end of the month, said yesterday that Compass should be the last of the major UK disposals, but that divestments in the US will continue.

Grand Met now aims to augment its core businesses - food, drink, brewing and hotels - by acquisition. The recent \$1.2bn purchase of Heublein, the US drinks business lead underwriter, together with should rule out any huge deals. But Prudential Venture Managers and as Mr Sheppard said: "Good opporby 3i, the British venture capital CIN Industrial Investment, each tunities do not necessarily come group, which is providing £70m as committing £20m. The rump of the along at opportune moments."

Real estate plays its market hand

BY PAUL CHEESERIGHT

PROPERTY unit trusts and the It offered the prospect of stock exstock exchange are to start talks that might lead to full quotation

of likely competition for pension fund investment from the trading of ation of some trusts and the desire securities and units in single property investment schemes. Mr Brian Wootton, managing di-

rector of the Hill Samuel Property Unit Trust, said: "Unless we fight back, we shall not survive. There is no reason why multi-property unit

was foreshadowed by the individual decision of The Pension Fund Property Unit Trust, the oldest in the business, to initiate talks in the first instance with the Department of

UK appears to have dropped sharp-

ly during the first half of this year.

Domestic producers and importers

have been reporting a 10 to 20 per

Although some specialist ma-chine builders selling to specific in-dustries have not suffered a fall-off

in orders of such proportions, the

Machine Tool Trades Association

says its members are generally go-ing through a very difficult period.

any better," the company said.

machine builders.

The UK's weak market for metal

cutting and forming machines was

worth about £750 last year and has

caused some disagreement among

Some companies say the down-

turn in orders shows that business

One medium-sized manufacturer

BY NICK GARNETT

the second half of 1986.

Machine tool demand

sharply lower in 1987

DEMAND for machine tools in the and the health of engineering relat-

change listing as one reason for turning down the bid by Trafalgar and open trading on the market.

The move is designed to ensure and property group, to buy its proptibe future of the trusts in the face ery portfolio for £187.7m.

That bid, coupled with the liquidof unit holders in others to sell their interests, has emphasised the vulnerability of the property trust business after several lean years. Now there is an additional threat from new forms of property investment.

trusts should not be quoted on the exchange."

The trusts have grouped together into an association to press their case. However, the collective move something or sell their portfolios."

The arrival of single property investment schemes "puts the unit trusts on a knife-edge," said one case. However, the collective move something or sell their portfolios."

The unit trusts are unauthorised," to use the legal jargon. That means it has not been possible to market them directly to the public. They have been available only to pension funds and charities wish-

subject to capital gains tax on the disposal of their interests.

However, unit trusts holding a variety of properties are authorised under the new Financial Services Act in the same way as trusts owning a single property.

Once the regulations underpinning the act are published by the Department of Trade and Industry, probably in December, the "unau-thorised" trusts will have the legal basis for open trading.

Sponsors of single property trusts and other schemes based on one property have already sorted out the regulations for stock exchange listing. So, in the competition for new investment money, the multiproperty trusts are starting from

The trusts had a committee that seems to have been little more than a luncheon club. Now they have formed an association to repr The Pension Fund Property Unit ing to invest in properties, and trust their interest in talks with the DII trust made its move last February. tees and unit holders have been and the stock exchange.

PO's better deal for bulk mail

By Kevin Brown

Other machine tool companies say their UK customers appear to be busy but, while making inquiries special national delivery syst about new equipment, are failing to convert those into orders. The London Business School had

forecast a 14 per cent rise in UK machine tool consumption this year, but machine tool manufacturers now say that should be revised downwards drastically. Mills Marketing, an importer of

of machining centres in the Mid- West German, Japanese and other lands said its domestic sales were Asian-built machines, says its sales down by a fifth. "Last month was are not down by as much as 20 per absolutely disastrous and this cent but the level of orders has demonth does not look as if it will be clined substantially over the past

> Mills Marketing imports Nakamura and Toshiba computer numerical control machines as well as Chiron machines from Germany and some Korean and Taiwanese

UK manufacturers of machining centres and non-computer numerisurveys, including the most recent one from the Confederation of Britcal control milling machines, are alish Industry, have been too optimisso complaining bitterly about what they say is the most aggresive dumping by Taiwanese machine builders ever experienced in the

Transport Correspondent

THE POST OFFICE is setting up a handle its booming bulk mail business, which now accounts for 20 per cent of the 46m letters and packets posted every day.

The system, which is expected to be fully operational by October, will use 30 chartered British Rail trains, as well as Post Office trucks on 19 long-haul road routes.

It will operate separately from the existing Royal Mail delivery system, which uses "traveling post offices" on 39 trains and a fleet of

The intention is to reduce presure on the existing delivery system while cashing in on growth in the bulk mail sector.

The discrete nature of the new service is also in line with the strategy of splitting up the letters business into manageable parts being followed by Mr Bill Cockburn, Royal Mail's managing director.

The Post Office says the new system will cost 63m to operate in a full year. It is in addition to a £15m

Production plans for compact disc prompt over-capacity fears

BY DAVID THOMAS IN LONDON

pact disc making worldwide are leading to fears that the industry may soon be suffering form over-ca-

pacity.
Music companies have been struggling until now to keep pace struggling until now to keep pace for compact discs, with demand for compact discs, which began to take off last year. As a result, compact disc prices have failed to fall as much as some industry observers were expecting and some music companies have lelayed until recently plans to rerelease some of their most popular music on compact disc.

However, the shortage of compact disc capacity is about to end, according to information gathered by the International Federation of Phonogram and Videogram Producers, representing 640 music companies worldwide.

The federation knows of plans for 27 new compact disc plants with an annual capacity of 260m records. Most are scheduled to start operatng this year or next Of the 27, 11 are planned for North America, 10 for Western Eu-

rope, four for the Far East - including two for China - one for South America and one for Eastern Eu-

rope.

The federation also has information on 49 plants already operating.
These plan to have an annual camusic business.

PLANS for a huge increase in compacity of 570m records by the end of pact disc, making worldwide are the year.

In addition, the existing plants are planning to increase capacity by a further 350m units, mostly

Compact disc sales worldwide last year totalled 140m and are expected to reach 300m this year, ac-cording to BIS Mackintosh, a UK-based market research and consul-

The capacity/sales gap is not as big as it seems because up to 20 per cent of compact discs are spoiled during production. Moreover, some of the planned increase may be for uses outside the music industry.

tancy group.

But the gap is still sufficiently large to have given rise to fears within the industry that compact discs might be moving to a period of

However, it is argued that the increase in output should force down prices and boost demand. Some record companies are introducing cheaper compact discs for some of their re-releases.

It is also thought that some companies planning to enter the market will withdraw as competition becomes tougher, particularly since many of the newcomers have not

lish a patent in the UK and around

Although Genentech has applied

countries, it is believed the UK pa-

tent is the only one to have been

Mr Castell said the case was a

cation of the patent."

granted so far.

011154

Wellcome acts to halt TPA patent

BY TONY JACKSON IN LONDON

LONDON'S High Court sees the entech have made lack novelty and start of a court case today that inventiveness, which are the very might affect the future of the inter-basis of what is required to estabnational biotechnology industry. The Wellcome Foundation, the the world. UK drug company, is seeking to "We are therefore seeking a revooverturn a patent granted last year in Britain to Genentech, the US bio-

technology group, for the produc-tion of tissue plasminogen activator countries, it is believed the UK pa-(TPA), the clot-dissolving drug. Wellcome is a rival to Genentech in the production of TPA, which

promises enormous sales as a treatment for heart attacks.

Several drug companies around "A lot of companies have filed for a way of the sales of it."

Alot of companies around "A lot of companies have filed for a sub-

the world are racing to develop lot of naturally occurring sub-their versions of the drug, but only stances since this one went Genentech and Wellcome are be-lieved to have reached the stage of clinical trials, with Genentech clearly in the lead. Wellcome argues that since TPA sues for the industry.

oes not constitute invention.

of its application to have TPA liMr Bill Castell, Wellcome's comcensed for the US market. does not constitute invention.

nercial director and head of bio-

The patenting of biotechnology products is one of the thorniest isis a substance that occurs naturally Success for Wellcome would be a in the body, applying genetic engi- considerable blow to Genentech,

stances since this one

Genentech must re-apply with technology, said: "We have objected further data. News of the delay to Genentech's product patent on wiped more that \$1bn off the value the basis that it should never have of its shares on the day of an been issued, in that the claims Gen-nouncement.

Corporate finance expert is to join Lazard

London's best known corporate fi-nance executives, is leaving J. Henjoin Lazard Brothers, a rival merchant bank. Mr Jones, 40, led the Schroder

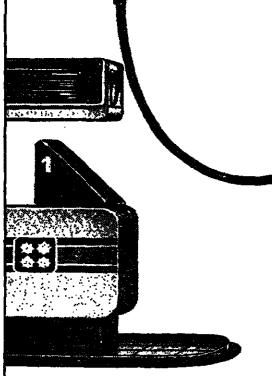
team acting for Hanson Trust in its £2.7bn bid for Imperial Group in 1985-86 and then defended Stan-dard Chartered Bank against last year's hostile bid from Lloyds He will continue to do merger

CMR NICHOLAS JONES, one of naging directors who make up the bank's executive committee Mr Jones is the second well ry Schroder Wagg after 12 years to known corporate finance executive to join Lazard from another merchant bank in the last 12 months. Lazard gained Mr. John Nelson from Kleinwort Benson last year.

Sir John Nott, Lazard's chairman, said he had been trying to build up a corporate finance team "as good as any other in the City. "Most of our competitors have

gone heavily into the securities in-

dustry. If we are going to stay ilable for Shareholders at the efficiency drive intended to imand acquisition work when he joins small, then our people have to be as effective as any other corporate fiprove the operational side of mail Lazard on July 1 but will also be-deliveries. Machine tool sales are seen as a barometer of general investment UK.



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UK NEWS

COURTS TO INVESTIGATE WORLD OF EURODOLLAR

Libya tests US freeze

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE ARCANE world of the Euro- Clearing House Inter Bank Pay- items drawn on bank branches in dollar and the extra-territorial ments Systems (Chips).
reach of the US Government are to Eurodollar accounts, says Bankbe investigated for the first time by ers Trust, are not ordinary bank ac-the courts in a High Court action counts giving rise to purely mone-

imposed against Libya by President the nature of credits whose dis-Ronald Reagan in January last year as part of his anti-terrorism drive, a bank in the US designated by the branch where it was kept and that a season in US bank accusance, after inter-bank clear demand for navegant must be a demand for navegant m assets in US banks.

Libyan Arab Foreign Bank which is wholly owned by the Liby-an central bank, is claiming about \$300m from the Landon branch of Bankers Trust Company, the New York-based bank.

their instructions for it to be trans-ferred from Bankers Trust in New York had been obeyed before the

Bankers Trust has taken the line that the money can be paid out only in the US and that, in any event, it cannot hand it over without breaching US law - the President's sanc-

Libyan Arab Foreign Bank asserts that, the money being on de-posit in London, it is entitled to demand repayment in London. The central, and most complex, question concerns a "usage" alleged by Bankers Trust to exist in relation to

Bankers Trust contends that de-

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starting today.

The case arises from sanctions and banker, but to chigations in

ance in the US. Libyan Arab Foreign Bank de-nles the existence of any such "usage"; contends that, in any event, its London account is a running deposit account that does not come within the Eurodollar market Part of the money - \$131m - is in a described by Bankers Trust; and a dollar account in London; the belance, the Libyans say, should also be there and would have been if London is repayable there. asserts a long-standing banking practice that money deposited in London is repayable there. Last October, a Commercial

Court judge gave the Libyans summary judgment on the claim for \$131m, holding that Bankers Trust had no arguable defence and that the Libyans could demand payment Bankers Trust went to the Court

of Appeal which, in December, gave it unconditional leave to defend the whole action, because the issues were too complex to be dealt with In the Court of Appeal, Lord Justice Kerr said that it was common

ground that the practices concern-

The judge said that, in ruling that the Libyans were entitled to summary judgment for \$131m, the Com-mercial Court had based itself on the premise that the starting point demand for payment must be made to, and executed by, that branch.

That, said Lord Justice Kerr, might beg the question. The author-ltative academic writings in which such matters had been discussed were all concerned with accounts denominated in sterling or other local legal tender. It did not necessar-ily follow that the same principles applied to banking operations in re-lation to accounts in foreign curren-

Lord Justice Mustill said that it might be argued that there was no valid comparison between the ordinary sterling bank accounts by ref-erence to which the well-recognised rules had developed over the years and the comparatively novel banking practices where very large dollar balances were maintained overseas primarily for investment purposes, with special mechanisms which had been evolved for dealing

concerns a "usage" alleged by ing Eurodollar accounts alleged by Bankers Trust to exist in relation to accounts and operations in the EuUS dollar bank accounts in the UK. It might be, Lord Justice Mustill Bankers Trust did not apply to all said, that the correct approach to US dollar bank accounts in the UK. A substantial US Dollar Clearing the latter type of transactions was Bankers Trust contends that de-mands for payments or transfers of London since 1975, involving many and ask, in the light of the entire Eurodollar funds can be executed millions of dollars each day, for the only in the US through the clearing presentation and settlement of resystems, the largest of which is the tail US dollar cheques and similar involve.

Thomson switch from cheques

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

THOMSON Holidays, Britain's Tim Rundle, Thomson's sales develleading package tour operator, is opment manager, yesterday, planning to abolish the use of The banks can't cope with

3,300 UK travel agents who still pay age." by cheque that it wants them to Travel agents have to send switch to electronic funds transfer cheques to Thomson and the other by the end of the year.

The move will mean about 1m. fewer cheques processed a year. "We want to do away completely til Thomson has with the combetsome writing and processing of cheques," said Mr However, the

"The banks can't cope with the

chaques by travel agents when they volumes, we can't cope and, for the pass on customers' money.

Thomson will this week tell all necessary chore in the computer agents, cheques are a costly and un-

> tour operators on a frequent basis because holiday reservations made by computer are not confirmed un-til Thomson has received the cus-

However, the introduction of the dates

videotex booking system for all tra-vel agents booking Thomson holi-days has provided the basis for the system to introduce electronic funds transfer.

Under the system, which is called TAB (Thomson Automatic Banking), transfers from the agent's bank account to the Thomson account are made electronically once a week. Each travel agent has a confidential file on the system which shows details of bookings, with money due and payment

Peat Marwick go back on top

By Andrew Taylor

THE continuing dramatic growth in UK accountants earnings is underlined by figures published today by Peat Marwick McLintock which has reasserted its position as Britain's biggest acenunturey firm.

Peat Marwick earlier this year

completed a merger with the Dutch-based accountants Klynveld Main Goerdler which in-cluded the UK firm Thorason McLintock. The merged group is now the world's largest acco tancy organisation overtaking the US based Arthur Andersen. Combined UK fee income of Peat Marwick McLintock rose by 26 per cent to £207m in the year to March 31 1987.

Coopers & Lybrand, Britain's second-biggest accountancy lires, last week announced that its fee income had risen by al-most 20 per cent to £143m over the same period. Coopers two year ago ousted Peat Marwick as Britain's biggest accountants, a position it has retained until

Peat Marwick claimed yester day that it would have resumed its number one position in the UK even without taking into account earnings from Thomson McLintock. Fees earned by Peat Marwick Mitchell alone rose by 28 per cent to almost £147m last

The growth in accountants earnings has arisen for a mumber of reasons. Increased personal wealth has meant higher de-mand for tax advice while the general bouyancy of financial markets and increased takeover activity has also boosted demand for accountants' services.

Deregulation, last year, of the London securities markets has exacerbated demand for accountants' services. Pest Marwick McLintock said yesterday that fees from management consultancy, up last year by 48 per cent to £24.4m, had grown at a faster rate than in any other area of its

Fees from tax advice also showed a strong increase last year rising by 43 per cent to 138m.

Accountants are now the higgest private-sector employer of trainee graduates.

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C A R

HIRE

Stars put on style in Labour celebration

BY DAYID THOMAS

LABOUR'S stylish campaign kent completely transatiantic yesterday as Neil and Glenys Kinnock marched down a wide staircase through a balloon-festooned half an da 10-minute standing ovation to speak to a cheering audience including scene were there. One, dressed five rows of showbusiness stars.

Clerke lackson the actress Lawson selling state assets:

harangued the Labour faithful outside the hall. "There are a few people in the Labour Party who are not rich and who do not sup off the fatted calf of British imperialism." shouted the fierce woman with the microphone in what was probably a gesture of friendship.

Inside the audience did not look particularly rich, even if they were a little younger and trendler than the typical Labour gathering—though not up to the standards of Ben Elton, doyen of alternative ing, a reminder of how much has changed in the Labour party these past four years.

After eight years of Conservative rule, Mr Kinnock said, "there is greater fear on the streets, anxiety is used as an economic weapon, prejudice is given legal force, morality is a mixture of being economical with the truth and worshipping the gods of greed."

Mr Kinnock pledged Labour to spend more on education and training, on research and development, on science and the Elton, doyen of alternative velog comedians, whose suit seemed arts. to be made of Lurex.

Glenda Jackson, the actress, Lawson selling state assets: welcomed Mr Kinnock as the next Prime Minister before he packed all Labour's campaign themes into a short speech.

The new-look Labour Party ing to escape to a free country."

Hundreds of supporters had flocked into Islington Business Design Centre, once a derelict hangar, now housing graphics and design workshops.

There they found huge streamers decorated with Labour's red rose, giant bundles of balloons hanging from the rafters and dozens of celebrities—more or less famous—waiting to entertain them.

Islington is, according to tabloid legend, a centre of loonie leftdom, yet organisers of the tigket-only event managed to keep the ranters outside—all except three who were quickly led away when they tried to shout down Mr Kinnock.

About a dozen Trotskyists harangued the Labour faitnful outside the hall. "There are a few people in the Labour Party who are not rich and who do a design workshops.

Exchange, where it belongs."

Another'starlet sang the City election song, with the chorus line "That's why the lady gets my vote," to the tune of That's Why The Lady Is A Tramp.

However, the biggest cheer, before Neil and Glenys arrived, went up for an all-black gospel group. The Inspirational Choir, who had the audience standing and clapping to their jazzed-up version of old gospel tunes.

That was the perfect cue for the Kinnocks' entry down the presidential stairway. The Gold-thorpe Colliery Brass Band, one of the few representatives of traditional Labour support, blew manfully above the cheering, a reminder of how much has changed in the Labour Party who are not rich and who do

velopment, on science and the



Party mood: Neil Kinnock and wife Glenys at yesterday's

The new-look Labour Party had chosen a design centre in Islington, North London's heart of yuppledom and designer socialism to launch the last week of its campaign.

Hundreds of supporters had flocked into Islington Business Design Centre, once a derelict hangar, now housing graphics and design workshops.

There they found huge streamers decorated with Labour's red rose, giant bundles of balloons hanging from the rafters and dozens of celebrities—more or less famous—waiting to entertain them.

Islington is, according to the country of the labour in the lab

to be made of Lurex.

He was master of ceremonies as about 20 stars, ranging from Clive Duns, ranging from Clive Duns, anything like their previous ("Norman Tebbit—the thinking man's Stanley knife"), epic."

Two minutes after the driver

aboard and drove off.

Ignoring impassioned appeals over the mobile phone to bring back Dr Owen's travelling headquarters—known to fully paid-up members of the media circus as the Floating Voter—the keen constable drove on to the pound in the drove on to the pound in the cloud of the weekend's campaigning was well chosen — Richmond is the embodiment of affluent London suburbia, where being poor is to make do with a Metro for your second car, or only have one drove on to the pound in the fondue set. But it is also a constant where the bus conductive had only bad been set for Roy Jenkins'

It was probably just as well that the event in Richmond was water-based, with Dr Owen and Mr Steel taking to the

NOINE

Main election themes outlined by Thatcher at rally

AS MRS THATCHER entered the final stretch of the campaign yesteday she pulled all her election themes together and pledged that under her government people would continue to live in peace protected by strong national defences, a firm law and order policy from the protect of t firm law and order policy, free-dom from industrial strife and

freedom of choice.

Speaking to a rally of 3,000 supporters at Wembley Arena, she emphasised her commitment to one nation in an polls the Prime Minister con-

AS MRS THATCHER entered the final stretch of the campaign yesteday she pulled all divided the country. In anticipation of a renewed

Labour attack over unemploy-ment, she painted a picture of a thriving economy in which unemployment is falling and will drop further if the Con-servatives are returned to

centrated her attack on Labour, with warnings of the dire consequences for the country if a Kinnock administration is elected.

Introducing a folksy touch she said that as a "mum" she thought that people who wanted a strong Britain belonged in "mum's army".

Hitting out at Labour's nonnuclear defence policy, she predicted that when voters go to the polls on Thursday "Mum's army will include should be far ally should further increase the number of police must never become the strong arm of political control. The British bobby are the enemies of liberty. Labour wants to bring the political control. The British police must never become the strong arm of political parties."

During the campaign, she political parties."

During the campaign, she said, knowing political parties."

During the campaign, she said, the economic good news had continued to roll in. Unemployment was coming down "and we hope and believe it will continue to fall in the coming months." But, she "more to come".

Two Davids try to seek solace among the boating voters

THE ALLIANCE'S transport cabin cruisers and disdainful of policy took a bit of a beating yesterday — or at least, the yesterday — or at least, the crews of rubber dinghies snapping at her heels.

Only two of the four celebrities turned up, and the planned giaze band did not materialise.

Instead a large princy played Cook

Old Kent Road, where the bus seat where the Tories had only was last night still being held a 74 majority over the Alliance hostage against a ransom of in 1983

Clasgow constituency and it was

the powerfloat turned out to be Lindsey, a large, stately vessel in battleship grey, which plodded steadily up the Thames, followed by a retinue of loyal Henry.

Society has suggested four points might be more

If these figures were re-

peated on Thursday, Tory support might decline from

the present 42.5 per cent to 40 per cent, with Labour up to 36.5 per cent. On the

assumption of an even national distribution of votes

this would leave the Tories with an overall majority in

There is no reason why this

pattern should be repeated. There has so far been a con-

sistency of ratings not seen in previous campaigns, although Labour hopes that

Peter Riddell examines pitfalls in the polls

Tory hopes could still be left hanging

realistic.

single figures.

Instead a lone piper played Cock Two minutes after the driver left the bus double-parked with its engine running while he went to find some journalists he was taking to a rally in Richmond, an eager defender of the double yellow line leapt aboard and drove off. ing stage and continued playing bravely until drowned out by the public address system play-

So this was a place where a good crowd could be expected for the two Davids, and it duly and Mr Steel taking to the River Thames in search of the boating voters. The advance billing was that the two Davids would arrive by powerboat, be greeted by four celebrities and a band and make speeches.

and provide and provide broadest welcoming smiles of the campaign so far. A strong Tory contingent tried, and celebrities and a band and or most vicious placard handles and Dr Owen pronounced himself satisfied with the change in

Mrs Thatcher's remarks on Thursday about the health

ervice and private insurance will begin to boost its poll rating over the next two days, While the pollsters' final

projections got the Alliance share largely right in 1983,

this followed an upsurge over

the last 10 days which has

Thursday. But a hung parlia-ment with the Tories the

largest single party cannot yet be entirely ruled out.

PM holds out little hope for Brittan BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER: ary 27, 1986, the day of the key yesterday discussed the Westland debate, that "I may not be Prime Minister by six o'clock tonight." She said: "Oh, you suddenly come out with these things. I would not necessarily take them as if they had any yery great, deep signifi-Trade and Industry Secretary, who resigned at the time.

any very great, deep signifi-cance."

who resigned at the time.

Interviewed by Mr David
Frost on TV-am, Mrs Thatcher
said the Westland affair (18
months ago) was "so small I
was amazed that it was blown
up." She repeated her regret
at the leaking of the SolicitorGeneral's letter at a key
moment in the affair.

cance."

In relation to Mr Brittan and
Mr Michael Heseltine, the
former Defence Secretary, she
said: "one is always sad when
comparatively small things blow
up and there are certain personality problems, when you
lose two very able people. But
you know life is like that and

Asked whether Mr Brittan might be disappointed by these remarks, she said, having been in politics "a very long time, I have known great joys, and great disappointments and if you have the one, then there are times when you have to accept the other."

In relation to Mr Brittan and Frost on TV-am, Mrs Thatcher said the Westland affair (18 months ago) was "so small I was amazed that it was blown up." She repeated her regret at the leaking of the Solicitor-General's letter at a key moment in the affair.

She also admitted for the first time that she had said on Janu-

I think it is best I do not take up a bed in the health service. There are 5m other people who think the same with me."

She stressed her belief in freedom of choice and said restrictions would imply com-pulsion as in the Soviet Union. In an interview with the Press Association. Mrs Thatcher said under a Labour government the nation would be ruled again by "bully-boys and intimidators", that people's savings would be raided by Labour's policy of "calculated inflation" and Britain's renunciation of the nuclear deterrent would mean the collapse of a cornerstone of European freedom.

Idenie

Min.

13'5 H2

Rain fails to dampen Jenkins' polling spirit

Glasgow constituency and it was going ahead regardless.

Some of the little knot of SDP workers looked dismayed when they heard at the briefing that the candidate would not after all be leaving his car to speak to the voters. Later is was pointed out that whether or not Mr Jenkins liked accosting people doing their Saturday shopping, the shoppers thereselves would no like being kept out in the rain to pass the time of day with him.

The little calvalcade formed

up near Roy Jenkins' flat in a Victorian terrace in the smarter end of the constituency. Mr Jenkins, hatless but wearing an overcost and scarf, and his wife Dame Jennifer, emerged through the open sun-roof of a Rover, protected against bumps by a couple of cushions. With a loudspeaker car in front, a special branch car immediately behind and a police van bringing up the rear, the cavalcade set off through the rain, Mr Jenkins

smiled warmly and waved at everyone who saw him. An impressive number of people smiled or waved back, or shook their umbrellas up and Mr Jenkins is a personality in day.

Glasgow Hillhead Some people He claimed that research even waved from the windows of the headquarters of the Labour candidate, who is record and future prospects of the Sunrise industry were far from bright.

It also showed the failure of inger who runs the charity from bright.

It also showed the failure of tion than our major industrial gests that it is still a powerful force here.

James Buxton reports on an SDP constituency tour. Inspite of the founder's fight for a marginal

of seeing him talking to any of his constituents.

"Of course," he said frankly, "this sort of thing would be hopeless for an unknown can-didate who'd never appeared To those who do not already

know, Glasgow is not the sinister city of cut-throats that its past reputation suggested, and Hillhead is its West End —including some of the best residential areas, Glasgow university, museums and the splendid botanical gardens. The better parts of it are reminis-cent of Holland Park Avenue in London, with stone replac-

In this general election Mr Jenkins no longer has to lead his party, as he did last time. However, he has still spent much of the campaign in London and the south for Alliance

High-tech sector doubts

ONE-TENTH of all jobs in high-technology industries—"the boom sector in the Thatcherite economy of the future"—have shook their umbrellas up and disappeared since 1979, Mr down in enthusiastic greeting. Gordon Brown, Labour regional There was no denying that affairs spokesman, said yester-

boundary changes had given the constituency a more Labour complexion but Mr Jenkins still won with 36 per cent of the vote, leaving Labour 3 per cent behind.

appearances, as well as visits to other constituences to support Alliance candidates.

"I believe I've spent twocent of the vote in Scotland.

he says, when he gets back to his flat a little weary (he is 66) after the afternoon sesing the stucco. Much of the rest might be Hammersmith.

In other words, if the Allision of perching on the transance is going to win anywhere mission of the car for the

in high-tech industries.
"Now, fewer than one in every 16 British workers is em-"Now, fewer than one in keep Labour out and Roy Jenevery 16 British workers is employed in the sector that Mrs paign manager says, "tactical Thatcher looks to for the voting was virtually invented in future of British industry. This Hillhead."

Inspite of the rain, the calvalcade is pronounced a success. To make that sort of judgment, he says, "needs subtle interpretation of a kind tive way of canvassing," said in this Labour-dominated city Mr Jenkins cheerfully when the cavalcade paused to regroup. "I'm going to go on doing it all day," he added, finally putting paid to my hopes By the 1983 general election, finally putting paid to my hopes By the 1983 general election, the momentum of the property of the pro necessarily vote for you.
"And you may just catch
them looking the other way. But if you get direct eye contact and a spontaneous wave back it's almost as good as a canvass return—except you don't know who it's from."

"The campaign," he says, "is going thoroughly well in the constituency." He avoids any discussion of the national cam-

However, he later underlines the fact that Hillhead is a highly marginal seat. To win, he says, means leaping a very consider-able statistical hurdle.

This time, according to the only Scotland during the campaign, Labour is more than 10 points above that.

The SDP campaign aims at

working once again the magic that won Mr Jenkins the seat in the first place — the allure to the highly educated part of the electorate of having this immensely experienced and distinctly bookish national figure as MP.

Alliance needs 'visibility of success' if it is to put pressure on Labour

THE TORIES seem to be beaded for a working Com-

mons majority next Thursday

certainly shown a remarkable stability in party ratings over

the past three weeks. How-ever, past precedent suggests

that support for the govern-

ing party, as measured by the polls, tends to decline in the few days up to polling as voters make up their minds.

This may reflect errors in

the polls themselves. In 1970 almost all polls got the result

wrong by not interviewing up to the last minute thereby missing a late shift to the

The opinion polls have

but are they invulnerable?

elections the final polls over-estimated the leader's margin

by 2.2 and 4.2 percentage

points respectively. There was a similar trend in 1979.

In 1983, the pells also all predicted a higher Conserva-

tive vote than actually occurred, by an average of

2.7 percentage points, and underestimated Labour support by 2.1 points. This probably reflected a combina-

tion of late swing and errors in the poils. After all, the pollsters themselves talk of a margin of error in sampling

AT THIS STAGE in the last election campaign, the Alliance had begun to take off, Labour was hovering on the 30 per cent was hovering on the 30 per cent and the stage of the sunday most in the electors' favour. election campaign, the Alliance had begun to take off, Labour was hovering on the 30 per cent line and the Conservatives were beginning to wobble.

This time there appears to have been virtually no movement, since the same respondents are re-interviewed—nent in the last 10 days. Tank warfare has given way to trench warfare. Since the start of the campaign, only one poll, excluding the Harris "rolling-poll" on TV-am, has put the Alliance below 20 per cent, only three have put Labour above 35 per cent and none has put the Tories

many casualties. So it is this kinnock has fought the best campaign and he has risen most in the electors' favour. That does not mean most in the electors' favour. That does not mean most in the electors' favour. That does not mean most in the electors' favour. That does not mean most in the salesman's patter and still not but the foundable of most in the electors' favour. That does not mean most in the electors' favour. That does not mean most in the salesman's patter and still not but the form many casualties. So it is this time.

According to the Sunday

Times Mori panel poll—the most in the electors' favour.

That does not mean most in the electors' favour.

That does not mean most in the salesman's patter and still not but the encyclopaedia. No poll whas put Mr Kinnock abead of Mrs Thatcher as preferred prime Minister. Moreover, British elections are not president and he has risen most in the electors' favour.

That does not mean most in the salesman's patter and still not but the encyclopaedia. No poll whas put Mr Kinnock abead of Mrs Thatcher as preferred prime Minister. Moreover, British elections are not president and he has risen most in the electors' favour.

That does not mean most in the salesman's patter and still not but the encyclopaedia. No poll whas put Mrs Thatcher as preferred prime Minister. Moreover, British elections are not president and Mrs Thatcher all became prime Minister.

By Peter Pulzer week of the campaign the number of those who named in trade unions was frequently defence as important almost doubled. In the second education rose by almost as much. Last week, predictably, it was trade unions was frequently named as important. Closer investigation showed that almost all who did so were strongly it was trade to the second editor in the second editor in the second editor.

That in itself tells us nothing little weight. It was not, on bout any impact on voting our definition, an issue.

determinant, therefore, it had

The gap between the main contenders is now in single reaction of the contenders is now in single and health services figures, not double as in the first two weeks of the campaign, but that is about all.

There are, however, a number are, however, a number in response to question that she been much more movement in response to question that she been much more firemains the same, la trench warfare the map may not singlest turnaround. There choice of themes. In the first change much from one day to biggest turnaround. There

it put a ceiling on Labour's support.

Health and education are even clearer issues. They have been responsible for such seepage as there has been in Thursday?

Tory support, as measured by the panel surveys. Unemployment, however, does not look ment, however, does not look me the panel surveys. Unemployment, however, does not look like one. It is still at the top of voters' concerns, but the competence gap has been narrowing. It therefore does not fulfil the condition that the parties must be favoured unequally.

The Conservative campaign has gone down less well, both in the concerns the content of the co

provement in campaign style appreciation has slowed down.

ted itself.

As precedent has shown, the Alliance needs the visibility of success to succeed. If it has now stabilised its position, as Mori suggests, if it can continue its net gains from the uncommitted, if it can halt its net losses to Labour. If it can again mittee, it it can nait its net losses to Labour, if it can again squeeze the Labour vote in its target seats, and if Mrs Thatcher becomes an issue to her disadvantage—then it may the price of the carrier its pickings in yet enjoy its pickings in Chelmsford and Hazel Grove. If.

The author is Gladstone Professor of Government and Pub-lic Administration at Oxford University and a Fellow of All

THE Conservative Government lowest rises in income over the has remorselessly pursued a last eight years that have also policy of two nations under been hit hardest by memploywhich inequalities between ment."
rich and poor have grown, a Two
Child Poverty Action Group black

report claims today.

Foor families with children suffered a drop in real income, surered a drop in real income, depending on family size, of 15.7 per cent to 27.2 per cent between 1975 and 1985, says the report. People in the bottom tenth of national incomes had seen their real incomes fall by an average of 9.7 per cent between 1975 and 1985, while the ton fifth of 1985, while the top fifth of wage earners had enjoyed real salary increases of 22 per cent

The claims are contained in The Growing Divide, a pre-election commentary on social policies since the Conservative Party came to power in 1979. Chapters have been contributed by CRAC etc. by CPAG staff and a number

by CPAG staff and a number of academic specialists in poverty and social policy.
Professor Alan Walker, Professor of Social Policy at Sheffield University, says in a conclusion that the "weight of authoritative evidence" in the report builds up to the overwhelming conclusion that "Britain is a much more sharply divided society in 1987 than it was just eight years earlier."

The report is not arguing,

The report is not arguing, says Prof Walker, that divisions based on class, race, gender and age began with the election of the Conservatives in 1979. But the Conservatives in 1979. But the Government had helped to widen and deepen these divi-sions. "sometimes to a cata-strophic extant."

Growing unemployment had been one of the main causes of been one of the main causes of the increase in poverty since 1979. Rather than simply being the by-product of a world recession, the British Government had consciously chosen unemployment as a tool of social and economic policy. It had been able to do so because the burden of unemployment was not borne equally.

"The limited nature of the opposition parties' commitment to redistribution reflects a long-tending tendency on both left and right to subordinate social policy to economic policy. In our view this is short-sighted and misguided. Of course economic policy is important, but it is not an end in itself."

borne equally. "Thus it is the same, predominantly poor people in the Social Audit 1979-1987. £4.95 benefit and low-wage sectors CPAG Publications, 1-5 Bath who have experienced the Street, London ECIV 9PY.

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To win the

THE STATE OF THE S

Belfast?

voters true intentions

Two groups — women and black people—had been singled out for particularly harsh treatment by the Conservative Government. Unemployment

among women had increased

more sharply than among men, and there was ample evidence of discrimination in the labour market against those from ethnic minorities.

"The policy of two nations

has been pursued remorselessly since 1979," says Prof Walker. "The Government has exacer-bated changes in the distribu-tion of industry and

employment and the increasing segmentation of the labour market, rather than attempted

to ameliorate them as previous governments have done." Mr David Piachaud, reader in Social Administration at the London School of Economics,

estimates that 1m more men. Im more women and 1m more

Ruth Lister, director of the action group, said that while the Labour Party and Liberal-SDP

Alliance appeared to agree that an attack on poverty had to be

a priority for any incoming government, the group was un-able to give an unqualified wel-

come to either party's proposals.

"The limited nature of the

By Jeremy Bennallack-Hart

Bookies'

odds show

OPINION POLLS can show what they like, it is book-makers' odds about the elecwhat voters' intentions really

Why? Because the odds about any particular result are dictated by the amount of money wagered on that eventuality and because someone who has put cash on party A to win is most unlikely to change track and vote for party B on Thursday.

If that argument is well-founded, Mrs Thatcher will be back in Downing Street but with a much reduced

Current odds have the Tories at 6-1 on (bet £6 to win £1), with Labour at 4-1 against and the Alliance 200-1. The odds about no overall majority have been cut from 4-5-6 2-1 and 7-4 in the past week. In the same partial the Alliance has period, the Alliance has drifted from 25-1 to its pre-sent price while the Tories eased a point or two and Labour hardened by a simi-

A study of odds about the size of the winner's majority would seem to suggest the most likely outcome is a Tory victory with somewhere between 25 and 66 cents in hand seats in hand.

Im more women and 1m more children are living at supplementary benefit level in 1987 than in 1978. But compared with incomes in general, supplementary benefit levels bad fallen considerably. Ironically, a government committed to economic independence had overseen a steep increase in economic dependence on the state. However, the "big four" bookmakers — Coral, William Hill, Ladbrokes and Mecca — report that business has been light so far and that high-rollers with the "big money" are expected to move in this work. week. Ladbrokes had taken £380,000 on the election by the end of last week and cted that to rise to £500,000 by Thursday.

If the high-rollers do enter the market the weight of their money could play have with the odds. William Hill says the big money comes in just before the off because backers are looking for a swift return on their investment and want to allow as little time as possibe for effect of opinion polls and feet in political mouths.

Five-figure wagers are relatively common. According to the Guinness Book of Records the largest bet on a general election was taken by Coral in 1983 when a client wagered £90,000 to win £20,000 that the Tories would have the most MPs.

> In 1964-when money was money — Ladbrokes took a £50,000 bet from Sir Maxwell Joseph on Labour. Not everyone wants to have his betting practices publicised, of course, and larger sums, well into six figures, have been wagered.

The trouble is that edds-on chances sometimes do get beaten. In 1970 Labour looked home and dry a few days before the election, being quoted at an unbackable 12-1 on with the Tories at 8-1

against.

Another snag is that backing odds-on shots is hardly rewarding if betting in relatively modest sums and the 10 per cent betting tax makes such a wager even less attractive. It is possible to avoid this by placing an election bet with a bookle at a racecourse, the on-course levy having been abolished in the Budget this year. However, while such a manoeuvre is legal, it is rather outside the spirit of things and the bookie may not be overenthusiastic.

For those who have the For those who have the misfortune to lose their wagers on Thursday, fear not; bookies are always delighted to help with clients' investment and on Friday they will be offering odds about the parties next time round. The election book never closes.

Malcolm Rutherford on a contest pitting zest against eccentricity

THE LONDON constituency of Kensington ought really to be re-named Notting Hill Only then would the bulk of its electorate begin to understand what it is all about. For Kensington must be one of the most cosmopolitan constituencies in the country; more like a bit of New York than the rest of Britain. It was not always so. There used to be a constituency called South Kensington which was one of the safest Tory seats in the country. There was another called North Kensington which was Labour, though less sweep-

ingly so.

In the boundary changes of the early 1970s the two were brought together. Kensington became marginal. More than a decade later, however, it is doubtful how many of the electorate realise what a pre-carious seat they live in: precarious in political terms, and in social harmony.

The line down the middle is not quite the Bayswater Road,

Notting Hill Gate, Holland Park Avenue route that is one of the main arteries in and out of central London. Many people who would like to live in the south of the constituency now buy property in the north because the prices in the south have become impossible. So the north is becoming, in the dread-ful word of the 1987 campaign, "yuppiefied."

Still, as a dividing line, Not-ting Hill Gate will serve. Just to the north of it Alliance posters proliferate. Mr Roy Jenkins lives there. Further to the north Labour self-evidently holds sway; although there are undoubtedly Tory voters around, they prefer to keep quiet about it. In the south there are very few posters at

It could be called - indeed sometimes is - a perfect



BY PETER RIDDELL, POLITICAL EDITOR

cellor, headed a concerted Tory attack alleging "deliberate deceit" by Labour in not dis-closing in its manifesto the proposal to abolish the married

He said the abolition of this

reglected infrastructure could neglected provide jobs for 1m people schools."

provide jobs for 1m people over the next six years or keep 250,000 long-term unemployed

man's tax allowance.

leaders clashed at the weekend in the basic rate of income tax. about the number of people who would be adversely affected by the opposition's tax proposals.

the opposition's tax proposals.

Mr Nigel Lawson, the Chancellor, headed a concerted Tory car rate compared with 29p under Labour, together with the under Labour, together with the control of the married man's

allowance would take at least income tax and national insur-£7.64 from 6m couples, while ance for a married couple

the removal of the upper earn-ings limit on national insurance a week for a husband with an

contributions would hit all moome of £70 a week. This earners above £15,000. He said would rise to £12.75 for those

this came on top of the com- on £200 a week and £29.75 on

250,000 long-term unemployed in employment for the rest of their working lives, according to a report published today by the pressure group Charter for that much of the survey is based on "intelligent guesswork" using only a limited amount of information about the assets themselves.

example of the "north-south the fame of the annual Notting gap" or the "two nations." But Hill Carnival. There is an that is too crude. Not all those enormous racial mix: Morocin the north, including the cans, brought in to supply blacks, are poor, and not all in the south are rich.

The more you look at the area the more it becomes apparent that the two sides have problems in common. Chief among these is housing. This is partly because there is very little space left to build the south area of the annual Notting they must fight the campaign on both sides of the divide. For the Alliance Mr William Goodhart stood last time, knows that because are slight because of the Alliance Mr William Goodhart stood last time, knows that have problems in common. Most residents are still conditionally the campaign on the Alliance Mr William Goodhart stood last time, knows that house the cans, brought in to supply the Alliance Mr William Goodhart stood last time, knows that house the cans, brought in to supply the Alliance Mr William Goodhart stood last time, knows that house the cans of the Alliance Mr William Goodhart stood last time, knows that house the cans of the Alliance Mr William Goodhart stood last time, knows that house the cans of the Alliance Mr William Goodhart stood last time, knows that house the cans of the Alliance Mr William Goodhart stood last time, knows that house the cans of the Alliance Mr William Goodhart stood last time, knows that he cans of the Alliance Mr William Goodhart stood last time, knows that he cans of the Alliance Mr William Goodhart stood last time, knows that he cans of the Alliance Mr William Goodhart stood last time, knows that he cans of the Alliance Mr William Goodhart stood last time, knows that he cans of the Alliance Mr William Goodhart stood last time, knows that he cans of the Alliance Mr William Goodhart stood last time, knows that he cans of the Alliance Mr William Goodhart stood last time, knows that he cans of the Alliance Mr William Goodhart stood last time, knows that he ca

problems in common

Divided constituency with

for granted. Homelessness has become a serious problem; there are now beggars on the streets of Kensington and the numbers are growing.

The electoral figures are

very little space left to build on: much of the property in the south is listed and cannot

be pulled down. It is also because of the inexorable pres-

sure from those wanting to

In the south it was the Arabs

who came first when the oil revenues were in full flood.

Now it is the very rich prepar-ing to move out of Hong Kong

and ready to pay almost any price for a Kensington resi-

The pressures on the south

Labour accused of deliberate tax 'deceit'

under Labour, together with the abolition of the married man's tax allowance and removal of the upper earnings limit for employee insurance

On this basis, the increase in income tax and national insur-

Infrastructure improvement 'could create jobs for 1m'

WORK on improving Britain's inadequate housing, and badly could be done and which most estimated at about £11bn while neglected infrastructure could neglected hospitals and people would like to see done. in the health service total back-

The report estimates that "It is our view that the availthere is at least £92bn of work vable estimates do give us a
waiting to be done on "pot reasonable idea of the scope, holes and cracks in the roads, for useful rewarding work that "It is our view that the availsent housing needs is estimated local roads has considerably worsened in the recent past."
The backlog of work for priThe survey, however gives no many and secondary schools is precise figures.

to reverse the 2p cut £400 a week.

force people to the north and

that, in turn, disrupts the northern communities. Those

ance for a married couple without children would be £6.80

Charter for Jobs recognises

revealing. In what looks like a densely populated area, the electoral roll last time was under 50,000—well below the national average. The turnout was only 62.3 per cent, one of the lowest in the country.

Many people are either

Many people are either ineligible to vote or do not bother. Indeed one has the

take no account of Labour's

proposals to increase child benefit, particularly for the first

child, by £7.36 a week, which would benefit married couples

under Labour's plans. He said:
"What we have said is that we
will have independent taxation
for married couples. That is not

the same as simply abolishing

the married man's tax allowance."

has considerably deteriorated

since a sample survey in 1981. The total cost of meeting pre-sent bousing needs is estimated

On the removal of the upper incomes.

people would like to see done.

The only thing necessary to undertake them is political will," it says.

About £4bn is needed on

will," it says.

On housing the report says water mains, sewers, and sea the situation of housing stock defences. The report says in con-

1983 result: Sir B. Rhys Williams (C) 14,274; B. T. Bousquet (Lab) 9,173; W. Goodhart (SDP) 6,873; J. Porritt (Eco) 649; T. Knight (Ind) 86. C majority 5,101. Turneut 62.3 per cent. Candidates: Sir B. Rhys

Williams (C); Mr B. T. Bousquet (Lab); Mr W. Goodhart (SDP); Mrs V. Hughes (Public Independent Party); Mr R. Shorter (Green); Miss L. Carrick (Humanist).

impression that neither side of Brandon Rhys Williams who Notting Hill Gate knows how used to fight Ebbw Vale, won northern communities. Those the other half lives. Kensington South in a by-communities are by no means yet Kensington is lucky in its election in 1968 and has predominantly black, despite candidates who are aware that managed to hang on, despite

assurance that no one under

£500 a week will suffer. They will suffer from the increase in

Alliance trade and industry spokesman, said Labour could

not deliver, while the Tories were dishonest since only the

very rich now pay less in tax than in 1979. He said the

Alliance could and would tackle

poverty by giving higher benefits to those with the lowest

nection with roads that "statis-

ception that the condition of our local roads has considerably worsened in the recent past."

tics confirm many people's per-

the changed boundaries. Six the changed boundaries. Sir Brandon votes against the Government whenever he chooses, which is quite often. and is campaigning on a kind of alternative manifesto: the right to raise issues which the official manifesto does not

His knowledge of such quesstions as housing, pensions and social security benefits appears encyclopaedic. He is, in fact, an old-fashioned Liberal Labour's man is Mr Ben

Bousquet, a black local councillor of long standing who also fought the constituency last time. He and Sir Brandon respect, perhaps even like, each other. Both have an acute understanding of the underlying problems of what Sir Brandon describes as something "very near to being a racism-free zone," though Mr Bousquet would not go that far and Sir Brandon was laughed at by part

Brandon knows it. He brings a zest to the campaign—pop groups, guest appearance by Ken Livingstone, motorcades and balloons galore—that belongs to the spirit of the Notting Hill Carnival. He is also deadly sprious. also deeply serious. His prob-lem lies on the other side of the

Steel denies Alliance has 'thrown in the sponge'

MR DAVID STEEL, the Liberal leader, yesterday denied reports that the Alliance had "thrown in the sponge" and had conceded that Mrs Thatcher would win the general election.

at grassroots level by the Alliance, the party would gain more MPs on Thursday.

Even if they did not have enough seats to bridge the gap, they would certainly have

surge in Alliance support in that one or two newspapers were trying to suggest, because the Alliance had read the polls the same way as everyone else and pointed out that the Tories

were in the lead, that this meant the Alliance had thrown in the sponge.
"There is every prospect now! that we can bridge the gap be-tween Labour and Conservatives and provide a very different House of Commons after the election from the one we had before. That is our objective and I am sure we can do it,"

Mr Steel, interviewed on enough to moderate the That-LBC Radio, said it was cer cher government, went on Mr tainly "not too late" for a Steel.

Dr David Owen, the SDP the opinion polls. feader, said on the same pro-that one or two newspapers held the balance of power it would negotiate and force changes in the other parties' policies.

He said the Alliance would not put up with a minority government and would not vote for the Queen's Speech from a group of people who would not negotiate.

Later in the interview Dr Owen attacked Labour's tax plans and warned that a childless married couple earning £7,000 a year would lose £370 a

year in addition to the extra 2p said Mr Steel. year in addition to the extra 2p The Liberal leader forecast on the standard rate of income that because of the work put in: tax Labour planned to impose.

balance of payments deeper

the Official Unionist Party since

1974, or will the SDLP ever-

How will Unionist voters in

North Down respond to Mr Robert McCartney, the abrasive

QC whose denunciations of the

Unionist campaign against the

James Kilfedder? Taking the last first, North

Down has provided one of the

haul him at last?

protectionism and the threat to world economic growth."

A CHECK in the growth of; In a statement on the eve of world output and trade would the Prime Minister's departure hit British exports and force for the Venice economic sumoil prices down, pushing the other leaders of "the imperabalance of payments deeper tive need for concerted action into the red, Dr David Owen. the SDP leader, warned yester-

Owen's warning on trade

N Irish eyes look to three key seats in Friday's count

Hugh Carnegy on Ulster's keenest poll battles

WHEN counting starts in Northern Ireland at a civilised hour on Friday morning—long after the election outcome across the water is known most attention will turn to three of the province's 17 West. Can Mr John Hume's moderate nationalist party, the Social Democratic and Labour Party, upset Mr Gerry Adams of Sinn Irish Republican Army, in West Will Mr Enoch Powell, a few days short of his 75th birthday, hang on once more to the seat in South Down he has held for

John Hume: worried about voter apathy

from the DUP following the point election campaign member, had for some time attacked the anti-agreement pact between the OUP and the Reverence of Lan Paisley's Democratic Unionist Party as being ill-led and misdirected. When the two parties decided that all 14 sitting Unionist MPs should not be challenged by other Unionists in the election, his rebellion of the DUP following the point campaign to the pon-sectarian Alliance Party, who came second to Mr Kilfedder in 1983. He hopes Kilfedder in 1983. He hopes Wedisided in the party will improve its previously marginal, province, wide standing by attracting woters disillusioned by the Unionist bickering.

Across the province, the battle between Sinn Fein and Unionist bickering of the non-sectarian Alliance Party, who came second to Mr Kilfedder in 1983. He hopes will improve its previously marginal, province wide standing by attracting to diminish the split in nationalist voting.

Across the province, the battle between Sinn Fein and OUP-DUP pact has been the SDLP, which polled 13.4 per cent of the split in maximal province, the battle between Sinn Fein and OUP-DUP pact has been the which deals only with the issue votes respectively in 1983, will Anglo-irish Agreement have rattled the Unionist establishment and whose candidacy challenges the sitting MP, Mr most fascinating contests of an otherwise rather lack-lustre cam-

broke cover.

He was expelled from the one to be in to belp him.

OUP and is now fighting Mr

and other Unionist MPs drafted of opposing the Anglo-Irish Agreement. A document setting out an alternative policy

Kilfedder, ironically an independent Unionist who split himself from the party in the past,
six-footer reared in the
His campaign roasts the two
parties for boycotting Westminster and calls for Scotland
And String at the land string at the land setting out an atternative poncy
has been drawn up but is being
kept under wraps by the leadership until the shape of the
new Government is clear.

This is chiefly because Mr
Paisley and Mr Molyneaux want
and Titledder was 12 245 parties for boycotting West- Prote minster and calls for Scotland- land. style integration, with mainstream UK parties organising in
the province.

Mr McCartney seems to have

Mr McCartney seems to have

and Mr Paisley, who himself faced a number of resignations Down is Mr John Cushnahan majority in the constituency from the DUP following the of the non-sectarian Alliance and the SDLP has thrown as

struck a chord with a good number of Unionists who have become frustrated by the Westminster boycott and distillusioned by the lack of progress made by Mr James Molyneaux, the OUP leader, and Mr Paisley who himself

to keep their options open in the hope of a hung parliament in which they can use their block of Unionist seats to wring

tion. is by no means assured.

The third candidate in North Nationalists are in a narrow



bargaining

he closely watched for evidence that the Anglo-Irish Agreement, which the SDLP supports and Sinn Fein opposes, has made



Enoch Powell: key figure for

Grady's chances will be campaign in Britain.

stronger. Any fears that Mr Seamus Mallon, Mr Hume's deputy and MP for Newry and Armagh, might lose would be dispelled and Mr Joe Hendron, the SDLP candidate in West Belfast would fancy his chances against Mr Adams. The main SDLP worry is that

apathy and a feeling that yet another election will change nothing will keep people at home. On the other hand, the party has some hope that nationalists are growing weary If that were shown to be the case, especially in West Belfast,

it could have far-reaching consequences within both the IRA and Sinn Fein, especially fol-lowing Sinn Fein's lowly performance in the recent Irish Republic general election. The pressure from within to concentrate more on violence and abandon the political campaigning of the past six years would surely grow.

the positive impression on until Friday afternoon, the had seen "strident notes of disnationalists it was supposed to more so because there have cord and invective" make.

of the audience when he made the claim at a joint meeting of all the candidates. Mr Bousquet would grace the House of Commons and Sir

Powell hits at nuclear However, these calculations Hattersley made "a categorical aeterrent

MR ENOCH POWELL yesterday by implication endorsed Labour's non-nuclear defence value added tax and poll tax which Mr Lawson proposes, but policy, describing the retention they won't suffer under a Labour Government." Mr Ian Wrigglesworth, the of an independent British nuclear deterrent as "barmy." Speaking in London to the Defence Information Group, the Ulster Unionist and former Conservative politician stopped short of urging voters to support Labour, as he did in the 1974 election. Mr Powell said a recent

government statement on defence policy amounted to saying "that in the event of Russia invading Western Europe and the United States not responding by nuclear war, Britain must be able and ready the Soviet Union

"It almost defies belief that grown men and women could seriously propose so crazy a scenario: Russia invades Western Germany—or northern Norway maybe—and the United States declines to commit suicide.

So Britain fires a nuclear salvo at Moscow and Leningrad. How barmy do you have to be to believe that, or to believe that the Kremlin believes that?" asked Mr Powell, who is standing for re-election in South Down.
"The salutary event of

Chernobyl strengthened and crystallised an already-growing impulse to escape from the nightmare of peace being dependent upon the contemplation of horrific and mutual carnage. "Events have now so deve-loped that this aspiration can at last be rationally, logically and I dare to add patriotically seized by the people of the United Kingdom, if they will use their votes to do so," said Mr Powell.

He said Mr Kinnock was

grossly misunderstood when he was " arguing correctly that the Soviet Union, which has failed embarrassingly to occupy Afghanistan, is not in the business of attempting to conquer and govern Western Europe.

Runcie urges wise government

THE Archbishop of Canterbury, Dr Robert Runcie, yesterday called for a competent, wise and versatile government

Speaking at Canterbury Cathedral Dr Runcie said the All this remains speculation "combative election campaign"

make.

If it has, and the gap been no opinion polls during "Whatever government the splip and Sinn on the outcome—quite a con—Thursday, we shall all wish fein widens, then Mr Mc trast with the poll-dominated and pray that it may prove a competent government.

Matsushita Electric

Battle-ready with a \$13bn cash mountain

Carla Rapoport explains the austerity of Japan's electronics giant

PEDDLERS pushing hand-carts filled with junk can still be seen

Considering its unappealing, low-class appearance, Moriguchi is not the sort of community where one would expect to find the headquarters of the world's largest consumer electronics company, Matsushita Electric. But Matsushita and Moriguchi suit each other. Despite the worldwide success of its National Panasonic, Technics and Quasar products, Matsushita clings to the austerity and anonymity of the gritty Moriguchi streets.

As a result, visitors to Matsushita are often stunned to find that a company with sales of more than \$300n a year lives and works so modestly. The hallways are bare, the offices crowded, the small executive dining room offers only a set lunch. The company car is more often than not a taxi, Overseas, the company has never projected a corporate image, so most foreigners are even unsure how to pronounce the company's name. (Mat-sooshita is the most common pro-

But Matsushita, in fact, depends on its austere surroundings to help create an atmosphere of battle-readiness that it believes is needed if the company is to sustain its momentum in the uncertain times ahead. The appreciation of the yen has indeed turned the screws on Japan's major exporters. But the Osaka giant is hardly in danger of going out of business. Matsushita has stacked up a surplus of \$13bn in its balance sheet, the spoils of its huge success with the videocassette recorder and years of

exporting with a cheap yen. Only a few years ago, GEC's cash mountain of £16bn was the talk of the UK financial community. But no-one in Japan, including the company, men-tions Matsushita's billions. Like the Japanese attitude to the country's huge current account surplus it is not considered

"Nippon Steel once had an home bakery, a machine which enormous amount of cash, but kneads and bakes a loaf of now it is declining. Twenty bread automatically, in less weaving their way through now it is declining. Twenty heavy traffic in Moriguchi, a years ago, no one thought steel nondescript urban area of would decline. No-one knows Osaka, Japan's second largest what will happen in the future." says Tsutomu Fukuhara, the plain-speaking general manager of Matsushita's corporate planning office.

It is hard for foreigners to understand how a company with such a large cash mountain pressure, but this is the mood one senses at Matsushita. The ability of Japan's major companies to foster a fighting spirit among its employees is one of the country's greatest tools. While the rest of the world hammers at Japan to act more like a rich country — that is, spend more and export less — the Japanese continue to feel that they are really a poor country, ill-suited to a rich man's way of life. So, Matsushita is ignoring

so, Matsushita is ignoring the cash and pushing ahead with a long-range strategy of corporate change. As the country's largest maker of VCRs, colour TV sets and industrial robots and one of Japan's major exporters, Matsushita is forwardly and an accountry. shita is feverishly reorganising its business to maximise profits in the wake of the yen's appreciation against foreign currencies. Its strategy is twodirectional—pushing more production into cheaper overseas locations and increasing R&D spending in order to find higher-tech products for domestic plants. It has no thought of using the money to buy its way into new businesses. Its goal is to maintain its premier place in consumer electronics for the next several

The future, then, will belong to those companies which can make more out of the development and marriage of current technologies. This means miniaturising office equipment, for example, and introducing it to the domestic market. A telephone / facsimile / answering machine which can also make photocopies is one such product. Another direction is

While Matsushita will not be seeking to buy technology through the acquisition of alling competitors, its goal is instead being achieved by in-house research or joint ventures and tie-ups with established companies. tie-ups with companies.

"We must promote the division of labour with the newly industrialised countries (Nics) and promote joint ventures with European companies. Otherwise it will be difficult to survive," says Fukuhara. "Mergers and acquisitions provide no phase or minuses hara. "mergers and acquainter provide no pluses or minuses to the national economy. It amends hasn't revitalised the certainly hasn't revitalised the US economy," he says, with an audible trace of irony.

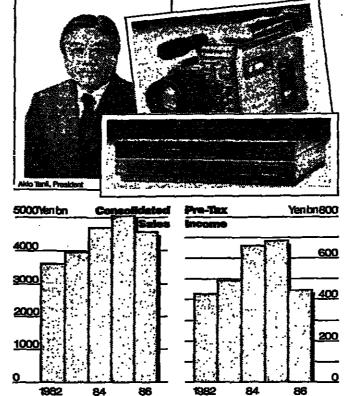
Although the company is behind schedule on its shift of production, overses, it has production overseas, it has increased its overseas manufacturing by 14 per cent per year, in dollar terms, over the past three years. It is acutely aware of the growing problem of unamployment at home, howof unemployment at home, how-ever, and says that it remains committed to preserving its own 60,000 jobs as well as the livelihood of its 500 suppliers. So far, it says, none of those sup-

Those jobs will hest be saved by supplying local factories with new products coming from a much wider area than consumer electronics. The company is now concentrating its capital spending and R&D efforts on four main areas: office auto-mation, factory automation, semi-conductor technology and audio/visual sectors. Indeed, account for about 30 per cent of total sales. But most impor-tant, each of the four areas overlaps and feeds on the

pliers has gone out of business.

other.

Backing up the development of these areas is continually increased R&D spending. Despite the fall in the yen and the squeeze on profits (profits were down 35 per cent in 1986 and 25 per cent in the recent four-month reporting period ending in March). R&D spending has



cent. to spell out specifics in the com-petitive area of new product development. Executives talk about scaling down office equipment for use in the home, about marrying computer functions in easy-to-use home appliances, and other cross-hatching pro-

However, Matsushita is not known as an innovator within Japanese industry, \ut rather as an efficient manufacturer with immense marketing muscle.
But Dr Shigeru Hayakawa,
senior managing director in
charge of research and development, says being first is now a top priority and he provides some clues as to where future firsts will come from.

divided among home appliances, batteries and other areas.) Within that 70 per cent, semiproduct. Another direction is month reporting period ending conductor technology gets a executives of Matsushita feel focusing high-tech design on a simple task: one of the combeen allowed to surge shead, total budget. Chips, according the employees of their company's hottest-selling products between 1984 and 1986, it to Hayakawa, hold the key to pany, and only second to their in Japan at the moment is its increased by 25 per cent to product innovation and those government.

Y250bn. Its ratio to sales first with new chips will be first climbed from 4.2 to 5.75 per with new products. Indeed, with new products. Indeed, computers have already become a major source of revenue for Matsushita and will continue to

Maisusinta and will continue to grow.

Hayakawa points out that Matsushita is currently ranked fifth in the Japanese semi-conductor industry, which has surpassed the US as the largest in the world. "Our target is, within a few years, to be number three," he says. His comments, like the president's comments, like the president's (see panel), give little ground to the anger in the US and Europe about Japan's alleged dumping of semiconductors and electronic products in overseas markets. Semiconductors, the electronic heartbeat in gadgets from home bakeries to com-puters, are the key to the company's orientation toward firsts will come from.

One area that Matsushita is anxious to move in front is the embattled semiconductor sector. About 70 per cent of the company's R & D budget is now devoted to the four core areas listed earlier. (The rest is divided among home appliances import more from abroad applied, development research. Indeed, the international storm over Japan's trade impensive with the West rages far from the streets of Mori-pany's R & D budget is now devoted to the four core areas levels of hectoring by the government for companies to import more from abroad import more from abroad, Matsushita's ratio of imports is still tiny. It is clear that the

The skewer system

AKIO TANII, 59, a career Matsushita man appointed president last year, says that the secret of Japan's industrial strength through difficult times is its singleminded devotion to its core businesses. The high yen is accelerating change, but not Japan's fundamental Japan's fundam approach to business.

Despite Matsushita's increasing dispersal of produc-tion sites to cheaper overseas locations, Tanti does not expect that Matsushita will become multinational in the American sense. Research and development, the key to the company's long-term sur-vival, and what he calls strategic decision-making, will remain centred in Japan. Overseas operations, just like domestic divisions, will follow Osaka's tune.

A short, stocky, self-confi-dent man, Tanit is proud of his company's achievements, but shows no sense of com-

Using what he calls his skewer system, he ensures that the advances in one department can and are applied in another. "By running a skewer through all the manufacturing divisions, for example, I can increase strategic decision-making at headquarters. This way I can keep the divisions independent, but provide more unity to the company," he says.

"Another secret is our con-centration of effort (in applied research). As a re-sult, we can come up with a creative product which can make a new market. In Euro-pean industry, their eyesight is rather short and limited. They only try to keep their existing market and never try to extend it," he says.

Take the microwave oven. he says. Home-use for the microwave oven was invented here [in Japan] and the market was created here. We started from scratch making sales channels and persuad ing the consumer to buy it. And now European countries are complaining, he says, re-ferring to the proposal for anti-dumping duties on Japanese microwave ovens by the European Commission.

Before they take those measures, I want the EC to appreciate our effort to create products and markets from scratch. The VCR was an other one . . . he says, and then looking at his transla-tor, he asks: "Did I speak

Why diversifying is bad news

BY CHRISTOPHER LORENZ

FOR OVER 30 years, CBS and General Mills were two of America's most predatory corporate giants. Between 1950 and 1980 they made 54 and 86 acquisitions respectively. But by last year they had divested themselves of the vast majority, by no means always profitably; CBS (in broadcasting and always profitably). entertainment) sold almost 30 per cent of its new port-folio, and General Mills (packaged goods and retail-

ing) three-quarters. The two companies epitomise a post-war diversificamise a pescwar diversifica-tion record among large US corporations that is "dismal," complains Michael Porter, professor of business administration at the Harvard Business School.

"The corporate strategies of most companies have dissi-pated instead of created shareholder value," Porter reports in the latest edition of the Harvard Business Review*. "The need to rethink corporate strategy could hardly be more

The general conclusions of Porter's massive, pathfinding retrers massive, paramating study of the diversification records of 23 large US companies between 1950-86 were first revealed on this page six months ago (December 9), when the research was still unpublished. Now, in a long stilled which contains all the unpublished. Now, in a long article which contains all the gory details of each company's performance, he points the finger at the worst offenders, and draws lessons from the few successful diversifiers.

The top 13 divestors ever the period were CBS (87 per the period were CBS (87 per cent of its acquisitions), RCA and Cummins Engine (both 80 per cent), Gulf & Western (79 per cent), General Mills (75 per cent), Continental Group and Xerox (71 per cent), Westinghouse (68 per cent), Wickes (67 per cent), General Electric, W. R. Grace, ALCO Standard and Signal (all 65 per cent). (all 65 per cent).

At the opposite end of the spectrum, the mest successful acquirers were Johnson and Johnson, Procter and Gamble and Raytheon (only 17 per cent divested), fol-lowed by United Techno-nologies (25 per cent). 3M (26 per cent), and TRW (27

and the second s

One of the main differences between the good and had diversifiers was that a dis-proportionately high number of successful takeovers was of businesses where the acquirer could transfer skills or share important activities (such as supply or distribution).

tion).

Successful acquirers diversify into related fields, Porter reports. "Procter and Gamble and IBM, for example, operate in 18 and 19 inter-related fields respectively." Even successful diversifiers such as 3M. IBM and TRW "have terrible records when they have strayed into unrelated acquisitions."

Among Porter's extensive advice on how to avoid diversification phifalls is the

advice on how to avoid di-versification piffalls is the unconventional statement that starting a new business from scratch tends to be more successful than either acquisitions or joint ventures. Start-ups and joint ventures were both included in the 36-year study, and Perter concludes that "when a com-pany has the internal strength to start up a unit, it can be safer and less costly to launch a company than to rely solely on an acquisition and then have to deal with the prob-lem of integration. Japanese diversification histories sup-port the soundness of start-up

as an alternative to entry." Acknowledging that there are exceptions to the generally poor record of postwar acquisitions, Porter credits Britain's Hanson Trust as being an unusually canny performer of a form of takesver strategy known as "restructuring"— the revitalisation of undeveloped,

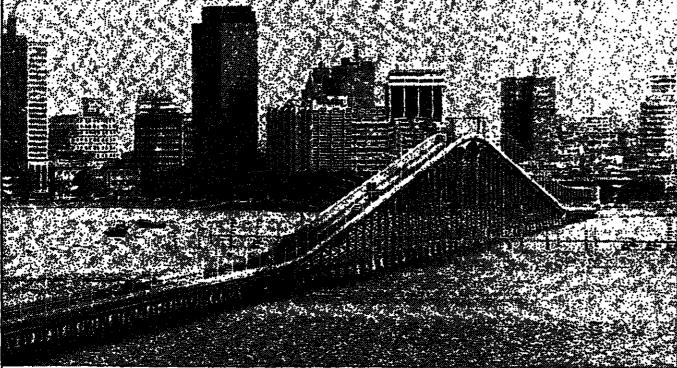
sick or threatened organisa-tions and their subsequent sale at a profit.

But Porter concludes that "it's too early to tell whether Hanson will adhere to the last tenet of restructuring selling turned-around units once the results are clear. If it succumbs to the allure of bigness (in any particular in-dustry), Hanson may take the course of the failed US conglomerates." From competitive advantage

to corporate strategy. HBR May-June 87. Reprint No 87307. From HBR tel 617-495-6192, telex 7103210073 (both

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Bychkov/Festival Hall

Richard Fairman

To music Bychkov comes Russian-born and Russian-bred. There is a daemonic strain in the national response to musical expression which is unmistakable. In the past conductors such as Mravinsky and, ouctors such as Mravinsky and, to a lesser extent, Svetlanov have unleashed its full, passionate fury on the music of Chaikovsky and Rakhmaniov; and though Bychkov does not perhaps allow himself to be driven to their excesses of speed and dynamics, the same daemon spirit is clearly at work.

performance Rakmaninov's Symphonic Dances was exciting and impassioned in the best Russian tradition. The Philharmonia tradition. The Philharmonia strings are not usually asked to attack their music with this level of intensity — it is not their natural way of playing and they did not sound entirely happy with it—but for the most part Bychkov successfully imposed his own high-tension, highly emotive style. When the electricity is turned right put this is a real show. right up, this is a real show-

In Schumann's Piano Con-

Of all the rising stars in the musical firmament, none is rising faster at the moment than the Leningrad-born conductor Semyon Bychkov. To date his career has been built largely on 5 s cesses in the USA and Germany, most notably with the Berlin Philharmonic, but a growing friendship with the Philharmonia is currently yielding a few concerts in London, the most recent of the tramatic Florestan his head which on Friday night was sponsored by the Financial Of all the rising stars in the certo he equally proved a helpand allowed the piano tone to become clangurous, it was not enough to disturb enloyment

of the whole. Earlier Bychkov's Strauss had been less appealing. The so-called Suite from Der Rosen-handler, a selection of favourite bits from the score thrown together by some unknown hand with no feeling for overall shape or key relationships, has always seemed to me an unattractive potpourri at the best of times, but it needs a lighter and easier touch to bring it off than it had here.

By coincidence Saturday's concert part of the Festival of

concert, part of the Festival of German Arts, followed up with another operatic selection. This time it was Wagner's Parsifol, served as seven symphonic fragments, which work rather better as a concert item. Horst Stein directed the Berlin Radio Symphony Orchestra in the same sturdy, no-nonsense fashion with which he leads his perfromances at Bayreuth. And in the Immolation scene from Götterdömmerung Gabriele Schnaut improved somewhat on her recent Bayreuth outings-less thick tone and wobble, more straightforward attack. A hall full of Wagnerians noisily

Sister Aimee/Britten Theatre

Max Loppert

The Royal College of Music contribution to the London International Opera Festival consists of two performances of Sister Aimée, the short chamber opera (1984) by Odaline de la Martinez. The conductor of Lontano is, of course, a familiar figure on London concert platforms, but before Thursday's performance her work as a composer had been less fully exposed.

This "American Legend," based by librettist John Whiting on the life of Aimée Semple McPherson, is a slim collection of five scenes in which the rise and fall (and scandal) of the evangelist is charted. The idiom of the verbal language is the hypnotically passionate, repetitive eadence (rhymed for greater impact where need be)

The specific many text is gauged to give sermon-style impact to the scenes.

The whole subject of popular American evangelists and their equivocal moral standards being, of course, very much in the news just now, one longed extra hard for Sister Aimée to be a vividly biting, hard-hitting piece of music theatre. The seed of such a piece is there—as I have suggested, care has successfully been taken over the delineation of atmosphere—but it has not been germinated. In any real jyric-theatre sense, there is almost no music in the piece to articulate the drama; nice ideas and frail sketches are all we really seem to see and hear.

The performance in the wonderful new Britten Theatre

the ale: particular response

A STATE OF THE STA

greater impact where need be) of the American fundamentalist of the American fundamentalist preachers—the libretto is an atmospheric, concise plees of intelligent production by John writing. And the language of direction by Anne Manson, an with the words: hymn-like attractively rounded title role choral refrains, punchily syncopated, with ariosos for solo several useful supporting voice spliced into them above cameos (though the role of the several hymnospies of a cymical reporter is one long the scrunchy harmonies of a cynical reporter is one long church organ; a falling orches cliché, Philip Sheffield made tral bass line adds dramatic much of it). The whole work irony, and the careful intermitiasted just over an hour, and tent incursion of a brass chorale when it was over one felt that points the shape of the set-hardly anything at all had pieces. The modulation from happened.

Pomp. Virtue and Decorum' at the Tate An exhibition dedicated to the emergence of a British School of painting during the first half of the 18th century will run at the Tate Gallery from October 14 to January 3, 1982

The period coincides with the life of Rogarth, who will be represented by over 30 works. There will also be some early works by Gainsborough and Reynolds, and other contemporaries of Hogarth's such as Gawen Hamilton, Hayman and Ramsey.

The performance in the wonderful new Britten Theatre

was confident and spirited — intelligent production by John Abulafia, authoritative musical

LFB sponsorship London Festival Ballet has raised sponsorship of £345.000 to enable it to hold its Summer Season at the Coliseum from July 7-18 and the Royal Festival

Hall, July 28-August 15. Royal Gala sponsors on July ? and July 13 are Omega Watch Company and The Royal Academy of Dancing respec-Academy of Dancing respec-tively. New production sponsors include the Alan and Laraine Fischer Foundation, Bankers Trust Company, Royal Mail Parcels and Terry Murphy (Scenery) Limited.

Architecture/Colin Amery

Missed opportunity at the RA

It has to be said, with a degree of sadness, that the annual Royal Academy Summer Exhibition does not fulfil its potential for architecture. There are some 16 architect academirians or associate academicians. Some of them are the senior members of that beleaguered profession and in a position to give a direction to the formation of public taste and awareness. After the successful display of the work of Stirling, Rogers and Foster that stimulated the public appetite for architectural enlightenment it would have bee nmarvellous if the dreary pattern of hanging ture room had been broken. A perfect opportunity has been missed. Of the 140 or so exhibits fewer than about 30 merit much more than a second glance. This seems to me to be a great shame and can only reflect poorly on both the pro-fession and the selectors.

In the centre of the Gallery VI is Norman Foster's 8 ft scale model of the space frame sup-port for Stansted Airport. As one visitor remarked it looks exactly like a revolving washing line. However, it should be looked at in association with the drawing of the restoration of Tobacco Dock where the self-same 19th-century structural system can be seen in timber. I doubt whether many visitors to the RA will be prepared to work out exactly how the Stan-sted Airport will look or work. It seems clear that once the judges have selected what is to be shown they should ask the architects to mount a disthe architects to mount a dis-play that accurately and clearly explains what the new building or project is, how it is to work, and tell the visitor something about the whole scheme. It is worse than useless, as far as the public is concerned, to look at a framed sketch or a cryptic-ally abstract model, which is shown with little or nothing beyond the title. Even if every drawing shown was a work of

drawing shown was a work of art there would still be a need for some detail and explanation, The supermarket and the garden are two recurring elements in this year's show. It is not clear whether one is an escape from the other but there escape from the other but there is certainly a curious concordance. Carlyn Lourens has produced a cork and copper collage that is entitled Experimental Supermarket Facade while Dominic Wilson is concerned about the presence of a supermarket accordance of the control of the co about the presence of a super-market next to a church in Wolverhampton — his work, based on plans and elevations is called Defending the Edge: Sainsburys Wolverhampton. Both these works attempt to ex-plore the movement of our nourishment from nature to the product. They see the spread of the supermarket as a distancing from nature. The gar-den designs by Marina Adams and Omrania suggest that there is a yearning for a more orderly

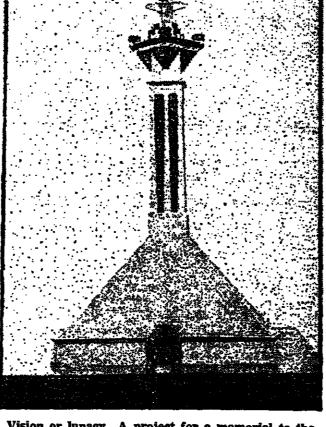
kind of garden design and some-thing of a return to formal geometry. If the architects in the RA were the only ones left in the world and I had to select the world and I had to select the most promising I would plump for Nigel Cox. There are two schemes, by him; a proposed library for Gonville and Caius College and an extension for the ruseum of Toole Lake and Helsinki - both these schemes hold the promise of clarity, order and

calm imagination.

More extreme, but not without interest, is the design for the Battle of Britain Memorial floated as an imaginary proposal for London's Dockland by Theo Crosby and the sculptor Michael Sandle. While it does not hold a candle to Boulee or Ledoux it could have a certain giant gran-deur and as a colossal viewing tower would undoubtedly appeal to tourists and residents.

In terms of skilled draughtsmanship Eric Parry still reigns

Surrey and in a villa in Valescure in the South of France.
He was a gentleman architect



Vision or lunacy A project for a memorial to the Battle of Britain to dominate London's docklands

supreme — any drawing by him would be a rewarding investment. The Summer Exhibitics runs until August 23.

A far more rewarding time can be spent in London at the Architectural Association, rather than at the R.A. A rather than at the R.A. A centenary exhibition of that fascinating and discriminating architect H.S. Goodhart-Rendei is on the first floor, accompanied by Alan Power's informative and elegant catalogue. On the ground floor there is a telling display of the work of a young architect Eva Jiricna. I suspect that Harry Goodhart-Rendel, who died in 1959, would have been sym-Goodhart-Rendel, who died in 1959, would have been sympathetic to the work of the enchanting Miss Jiricna. Her story is a brave one. She escaped from her native Czechoslovakia by risking her life and limb at the most dangerous time politically. She has made her way in England entirely from scratch—and her work has a strength and clarity that raises it above the merely that raises it above the merely fashionable high-tech. You can see her interiors at Harrods, in a variety of shops and her furniture deserves to be better

known. Goodhart-Rendel is now better known for his writings than for his buildings. His than for his buildings. His English Architecture since the Regency (published as early as 1953) really began the reappraisal of Victorian architects. This exhibition of his drawings corrects the impression that he was more a critic than an architect. It shows that buildings like Hays Wharf on the Thames, the design for Prinknash Abbey and the completed church of and the completed church of the Holy Trinity in Bermondsey show he was an original designer.

He is in the same league as Lethaby—avoiding pseudo-anti-quarianism and attempting to duarianism and attempting to be beyond both modernism and traditionalism. Although he always said that his interests were the Roman Catholic Church (he was a convert), the Brigade of Guards (he wrote A Squad Drill Primer), and music-making architecture was the major precedention of his the major preoccupation of his life. He lived at Hatchlands in

-- but not an amateur. His position gave him a healthy detachment that we can see today produced some original and puzzling buildings.

This is the first year of the National Art Collections Fund Awards (sponsored by Slough Estates plc) and apart from bonouring the generosity of John Paul Getty Jr the judges gave one of the five other prizes to Charles Brooking, until now the virtually unsung the prize of the estatement hero of the conservation move-ment. Not for Mr Brooking the polemics of preservationist politics—since he was six he has rescued elements and fragments from buildings of all periods as they have been demolished. The result is a collection that is as manic as it is comprehensive. He has, for example, virtually every known form of glazing bar, fireplace, door, window, cornice, fanlight—as well as a comple-mentary library of trade literature, pattern books and cotalogues catalogues.

It is a unique collection, the result of one man's dedication, and it is looking for a home and for funds to make it available to all those engaged in the accurate restoration of old buildings. That English Heritage and the National Trust funds is a great shame. The recognition of the NACF shows how an imaginative award can bring a loner into the limelight.

Lord Gowrie to head Serpentine Gallery trustees

Following the decision last year that the Arts Council would cease to run the Serpen-tine Gallery, Lord Gowrie, chairman of Sotheby's in London and former Minister for the Arts, has been invited to be chairman of the Gallery's constituted. When

Serpentine Trustees Serpentine Trustees will assume responsibility for the building and its exhibitions, with the Arts Council continuing to fund it by grant plus the possibility of financial support from the Westminster City Council.

A Small Family Business/Olivier

Michael Coveney

In Alan Ayckbourn's brilliant interpreting his wife's special new play for the National Theatre in the Olivier audi-torium, a nation of shopkeepers is becoming a nation of shop-lifters; the family furniture firm, Ayres and Graces, is fall-ing into the hands of an Italian mafia and the drug dealing business; and everyone is on the fiddle, or "salting it away."
to quote a phrase that recurs like a smug refrain, a limp apology, throughout the even-

Two parties top and tail the action: the first to celebrate Jack's (Michael Gambon) arrival in the business from frozen food, the second to salute his father-in-law's 75th birthday. Old Ken Ayres (Ron Pember) does not remember who anyone is any more, but wants Jack to flush out the corruption. His family produce has been appearing on foreign has been appearing on foreign markets under different labels. The handover coincides with family trouble. Jack's daughter, Samantha, has been spotted shoplifting £1.87 worth of —surrounded by all due panogoods. A private inspector calls ply of thunderclaps and hostile slamming done. lamming doors.

Jack is an honest lad (hitherto) with a devoted wife Poppy (Polly Adams) and two daughters — the indolently rebellions Samanthat (Suzan Sylvester) and the suburban carbon copy of Poppy, Tina, whom Diane Bull presents with a London overspill whine of chilling ex-actitude and a hip-swivelling crockery-drying technique that suggest years of domesticated in

breeding.

Ayckbourn elaborates the tragi-comic consequences of moral and domestic laissez faire in the awakening Gambon's double-glazbed and lumber Jack to the realities of life. His family is horrified at his ejection of the private investigator on a matter of principle. Before long, though, the stench rises from a can of worms and Jack cuts and trims worms and Jack cuts and trims his principles in a farcical imbroglio with his sister-in-law's Italian connection of sexually insatiable businessmen and the importunate, corruptible inspector Hough (Simon Cadell).

This is the third product of the NT company under Ayck-bourn's direction and it neatly summarises the farcical flair of the first (Tons of Money) and the social and feudal bloodbath of the second (A View From the Bridge). We have murder and mayhem, coverups and sexual deviation. even the Aldwych farce trick of a horde of funny foreigners — macho medallion men — played by the one actor, Michael Simkins.

The play's opening, the funniest I've seen in years, hooks us sympathetically into the fortunes of Jack as he spoils the blacked-out party reception by

attire as an invitation to early evening slap and tickle. The great groping Gambon adopts his familiar (to Poppy) persons of a rapacious Viking — "Hairy Eric with his big meaty axe" and drops his trousers as the party lights come up.

Jack's forward propulsion and open demeanour are checked and clouded by every sort of revelation, from his wife's admission to lifting the odd paperclip from work to brother-in-law Des's surreptitiously funded plans for running a holiday complex in the Balearics. Des (John Arthur) is a compulsive foodie, cooking ambitious meals by Parlophone instruction while his anorexic, furtive wife (Marcia Warren) pours scorn on all public mastication in restaurants and directs what remains of her capacity for emotional demonstrativeness at a dismal, balding little dog. Ayckbourn has previously used split level, multiple set-

used split level, multiple settings to switch a narrative coin or re-cap on simultaneous activity. Here, Alan Tagg's wonderful beige tribute to suburban interior design—the stage resembles a featureless DIY doll's house—is a liberating with lower for continuous DIY doll's house—is a liberating visual excuse for continuous mobility of story and effect, Gambon charging between four houses like a raging bull, conducting impassioned interviews in bathrooms, bedrooms and hideous pink-lit lounges where the "Pastoral" Symphony is blared out on compact disc.

little boat and his darts at the expense of all meaningful contact with the living. His wife Anita (Elizabeth Bell) has replaced him in the bedroom with her louche wardrobe, whips, manacles and endless lovers. Cliff, with his cutaway driving gloves and emblazoned cardigans, is one of Ayckbourn's most savagely enjoyable crea-tions, and probably an em-barrassing challenge to a goodly proportion of the National's local audience.

Ayckbourn has established himself with his three latest NT productions, as one of our most distinguished directors. The performance he has elicited from Simon Cadell, as the hunched and sordid. Hough, is not only extraordinary in itself, but a real advance for this talented but manneristic actor. You can smell Cadell's Hough at 50 metres. He, above all, is the figure of our times, an odious middleman who claws his way into favour with a mildewed sense of general propriety to which he unctuously relates his pornographic little endeavours. Cadell scrapes around in a moustache and oversized suit—trouser bottoms immunicipales observing his ignominiously obscuring his shoes—like a bestial pervert of a peculiarly English variety. The particular strength of Ayckbourn's idiosyncratic

Ayekbourn's idiosyncratic vision is its depiction of a world he despises but which, none the less, is the only world he is prepared to inhabit. The obsession is reflected in the Character symbol of the precise use of a language which suburban good life is Russell never gets above itself. Even Dixon's piggy Cliff, Jack's the odd comic flight into brother, who relishes his imagery is part of this vision, Porsche and single mait, his controlled and domesticated. A



Michael Gambon and Polly Adams

Triple bill/Donmar Warehouse

David Murray

things that would have hap-pened anyway—it's a good idea pened anyway—it's a good idea (and enjoys generous support from Hillsdown Holdings): not merely for promoting affordable performances in this desperately expensive artiform, but for encouraging contemporary work that doesn't presuppose grand stages or Wagner-size orchestras. Last week's contribution to the ducted by John Whitfield and sharply delivered by the Endymion Ensemble), but it needs a vividly plain realisation too. David Penn's three-year-old production (reproduced by David Meyer) served admirably, with clever actors in David Blight's jokily opulent costumes, and committed singles by week's contribution to the Festival by Endymion Music Theatre was an intelligently chosen trio of one-actters from Monteverdi to a new Michael Nyman product.

committed singing by Sarah Leonard and John Rath. Not so new as Nyman, but onsiderably fresher, was Harri-

Though there is a certain forson Birtwistle's Down by the him unrecognised in single comtuitousness about the "London Greenwood Side. In fact its bat — danced in rather too
International Opera Festival" text is by Nyman, loyally much white plastic chiffon, the
it is an umbrella that devised to answer Birtwistle's effect was conventionally pretty,
stretches to include various peculiar taste for treating folkson birtwistie's Down by the first state of the constraint of the first state of treating folk-myths as aesthetic objects: here an old Mummers' play and intimate music is admired about St George and the Bold Slasher is yoked to the infanticial "Cruel Mother" of a ballad. The grip of the place ticidal "Cruel Mother" of a ballad. The grip of the plece depends upon Birtwistle's gritty, laconic score (well con-ducted by John Whitfield and Meyer and Paul Richards contrived to make Nyman's new

Vital Statistics look reasonably lively. With text by Victoria Hardie, the opera purports to be "about measurements in relation to intelligence, art, voices, success and the un-measurable," but despite the gesture toward the literary bi-weeklies it is only in-different cabaret about competitive tenors. The score, basically school-of-Philip-Glass, is Leonard and John Rath.

About Jonathan Howell's staging of the Monteverdi Combuttimento di Tancredi e Clorinda I was less happy. With narration and fragmentary dialogue delivered by masked singers on high, and the fatal action — Clorinda, in Saracen disguise, seeks her Crusading necessary, but then so did christian lover and is slain by

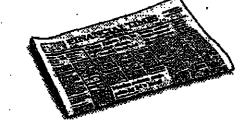
Business?

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FINANCIAL TIMES Europe's Business Newspaper —

Arts Guide

likusic/hionday. Opera and Beliet/Tuesday. Theelre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts

Music

LONDON Nathan Milatein, violin, Bach, Bee-thoven and Milatein arrangements

end Miletein arrangements. Festival Hall (Mon). Royal Philips ductor ducted by Pinchas Zukerman, violin with Shlomo Mintz violin and viola.

Bach, Mozart and Berlioz, Royal

Festival Hall (Tue)

Berlin Philharmonic Orchestra con-ducted by Herbert von Karajan. Brahms. Royal Festival Hall (Wed).

London Mozart Players conducted by Jane Glover. Mozart, Dittersionf and Haydn. Queen Elizabeth Hall (Wed). (\$28 3191).

Philharmonia Orchestra conducted by Sir Colin Davis with Radu Lupu, pi-ano. Brahms and Vanghan Wil-jiams. Royal Festival Hall (Thur).

endon Symphony Orchestra conduct-ed by Paul McRae with Joanna McGregor, piano. Berlioz, Grieg, Dvořák. Barbican Hall (838 8891).

PARIS

Ican Sutherland, soprano, Richard Bonynge, piano (Mon). Paris Opéra' (4742 6727).

able Orchestral de Paris con-

ducted by Armin Jordan, Jean-Pi-

erre Wallez, violin, Philip Bride, violin solo: Ravel, Saint-Saens, Roussel (Tue). Salle Pleyel.

Pierre Hommaga, violin, Giuliana Gul-li, piano: Magnard, Brahms, Bee-thoven (Tue). Salle Gaveau. Rossini, Berlioz, Beethoven played by the French Oratorio Choir and Or-chestra (Wed). Saint-Roch Church.

Homage to Ravel - Chamber music: Quatnor Alban Berg, Radio France Choir, Bruno Rigutto, Gabriel Tac-chino, plano, Theodor Paraskivesko, chino, piano, Theodor Paraskivesko, piano (Mon 8.30pm). L'Heure Espag-nole, one-act opera in concert ver-sion performed by the Lyons Na-tional Orchestra conducted by Serge Baudo (Tue, Wed 8.30pm). Ravel Melodies (Thur 8.30pm), TMP-Châtélét (4233 4444).

Orchestre de Parls in co-production with the Ensemble Intercontempo-rain conducted by Myung Whun Chung, Pierre Amoyal, violin: Ar-nold Schoenberg, Alban Berg, Igor Stravinsky (Thur). Salle Pievel.

Paris Opera Soloists' Concert: Mozart, Handel, Haydn (Thur). Opera Co-

NETHERLANDS

The Hague, Congressebouw. The Hague Philharmonic conducted by Michel Plasson, with Christian

Zacharias, piano: Von Weber, Beethoven, Chausson (Thur), (54 80 08). The Netherlands Philharms

choir and vocalists in a Besthoven concert conducted by Anton Kersjes. Wed in Amsterdam, Con-certgebouw (71 83 45), Thur in Utrecht, Vredenburg (81 45 44).

A Steve Reich concert (Desert Music and Tehillim) with Reinbert de Leeuw conducting the Schönberg Ensemble, The Hague Percussion Group, the RBC Singers and vocalists. Mon in Amsterdam, Carré (225 225), Tue in The Hague, Royal Conservators (Bl 42 51) Conservatory (81 42 51).

NEW YORK

Jufflard Concerts (IBM Gallery): Ocean Wind Trio. Haydn, Mozart, Stranss (Wed, 12.30). 56th & Madi-

Washington

National Symphony (Concert Hall): Last concert of the season Metislav Rostropovich conducting and Choral Arts Society of Washington directed by Norman Scribner. All-Britten programme (Inc.) Kennedy Center programme (Tue). Kennedy Center (254 3776).

Gershwin Calebration (Opera House): Two musical collaborations by the Gershwin brothers, Ira and George, Of Thee I Sing and Let'em Eat

June 8-June 11

Cake, are performed as concerts featuring Maureen McGovern and Jack Gilford. Ends June 13. Ken-nedy Canter.

CHECAGO

Chicago Symphony (Orchestra Haif): Last concert of the season Klaus Tennstedt conducting. (Thur). (485 8111).

TOKYO

Reiko Sato, piano. Bach, Beetho Schumann, Tokyo Bunka Kaikan Recital Hall (Tue). (232 1016).

Takeshi Kitamura, tenor piano, Nana Hamaguchi, Ravel. Latheran Inch-gaya Centre (Tue). (573 3588). NHK Symphony Orchestra conducted by Yoko Matsuo, with Telko Mac-

bashi, violin and Hiroko Nakamura, piano. Stravinsky, Beethoven, Brich. Suntory Hall (Wed). (980 6060).

Vienna Clarinot Encemble. All-Mozart programme. Tokyo Bunka Kalken Recital Hall (Wed). (449 8477, 8451).

Japan Philharmenic Symplossy Or-chestra, conducted by Aleo Wata-nabe, with Kei Itoh, piano and Nao-mi Matsui, organ. Mozart, Saint-Sa-ena, Raspighi. Suntory Hall (Thur). (234 5911).

Saleroom/Antony Thorncroft

Small is beautiful

influenced by the French tradi- Sharp.

months and Christies' is com-

Asked to name one painter of a good sale. Among the portraits miniatures many would manage is one of Lady Evelyn Herbert to drag up "Nicholas Hilliard." by Sir John Lavery. Lady Evelyn Herbert to drag up "Nicholas Hilliard." by Sir John Lavery. Lady Evelyn Herbert to drag up "Nicholas Hilliard." by Sir John Lavery. Lady Evelyn Herbert to give was the daughter of Lord Carnavon who financed the excavation of the tomb of Tutana "Nobleman, Aged 33," and is to enter the treasure trove. Two the fact that it daes other artists commanding recent tion and the fact that it daes other artists commanding recent to 1572, at the Start of record prices are on offer — Sir Hilliard's career when he was Alfred Munnings and Dorothea This is "Chinese" week in

tion.

A price of around £40,000 has been estimated for this tiny work of art, just 3.8 cm in diameter. Not all "minia-tures" are quite so small. In the same sale Sotheby's is offer-torchester. At Sotheby's a 15th broader white the same sale Sotheby's is offer-torchester. At Sotheby's a 15th broader white same sale sources. the same sale Sotheby's is offering a portrait of a lady by century Ming blue and white Robert Thorburn, painted decorated "friut bowl", which around 1840 and measuring was brought into the auction 15.5 cm high. It is a pretty piece and should make at least \$2,500.

This beautiful piece and should make at least \$2,500. Modern British pictures have sive still will be two large Tang been fetching extraordinary pottery horses which decorated the Paris mansion of the late Mona, Countess Bismarck. They peting with the General Eelec should fetch around £250,000 tion on Thursday by mounting each.

83 85 87

THE ECONOMIC BACKGROUND

GDP growth (%)

1969-78 1979 1980 1981 1982 1983 1984 1985 1986 1987 198

0.6

-2.5

3.1

-0.5 1.5

Current Account

1983

-45 6 20.8 4.2

1982

-9.1 6.9 4.1

2.6

3.6

-0.2

1.8 3.0

6.4

2.8

1.4 2.5

1986

-106.5 -117.7 -140.6 -138.9 -129.4 35.0 49.2 86.0 83.0 82.0 7.0 13.3 36.0 34.9 28.7

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Monday June 8 1987

The lessons of Marshall

THE fortieth anniversary of the Marshall Plan last week served as a rather nostalgic reminder of the benefits of international economic co-operation. It came on the eve of an economic summit in Venice which evokes universally low expectations. Yet the world confronts a dismal and challenging economic prospect, in the shape of sluggish growth, huge trade imbalances, growing pressure for protection and an overhang of debt. These are precisely the things the summit process is designed to address. So why is it that the aspirations of General George Marshall and of subsequent pro-ponents of international econo-

ponents of international economic co-operation find so little echo in policy today?

The short answer is that the world was a less complex place 40 years ago. The United States presided over the strongest economy in the world; sterling's eclipse in favour of the dollar in the international monetary. in the international monetary system accurately reflected poli-tical reality. With trade accounting for a relatively small proportion of gross national pro-duct, the US could afford to promote a liberal international economic order without aliena-ting powerful lobbies at home. Above all, there was a measure of consensus on the ends and means of economic management. Politicians and bureaucrats were held in thrall by Keynes. None of this holds true today. While the US remains a superpower, West Germany and Japan have the economic muscle to demand a wider say in the global debate. There has been a shift to a multi-currency dependence exerts greater in-fluence on the US, even if its policy makers have not always acknowledged the fact.

Fiscal expansion

Meanwhile, the theoretical framework in which policy evolves is no better than a muddle. The US, under the guise of supply side economics, has been conducting an experiment in global Keynesianism without consulting its partners around the globe. By spending more than they earn, the Americans have pulled the world out of a severe recession at the cost of running up un-manageable budget and trade

mercantilist attitude to trade, lock,

And the West Germans risk and the west termans risk some harsh treatment in Venice because of their obsessive desire to wear a fiscal and monetary hair shirt, as they fight the anti-inflationary battles of the 1930s.

Supposite can only work when

Summits can only work when heads of government share common perceptions about the nature of the problems and the means of resolving them. No doubt Venice will produce some reassuring statements on the political situation because the summit countries are closer to each other on arms control than they are on economic policy. But whatever the communique declares in the way of commitments to co-operative commuments to co-operative economic management, objective indicators and the rest, the fact remains that the political obstacles which lie behind the present stalemate are formidable.

Trade deficit

It is not simply that President Reagan is reluctant to address his budget deficit by raising taxes, or that Mr Kohl is a died-in-the-wool financial conservative. There are profound problems of political structure, most notably in Japan, where landed and agricultural interests are so encultural interests are so en-trenched in the ruling Liberal Democratic Party as to preclude those reforms that most Japanese officials now concede are

necessary.

If there is any lesson to be learned from the Marshall Plan in present circumstances, it is surely that too much of the burden of adjustment in the global system should not be allowed to fall on countries that are in trade deficit and overbur-dened with debt. And it should also be remembered that the US readiness to maintain open markets was quite as important as the capital outflow promoted by General Marshall.

Admittedly there is now more than a glimmering of acceptance on the part of the Japanese that they owe wider responsibilities to the indebted Third World, which has largely been neutered as a source of demand in the world economy. But in the ab-sence of a far greater commitment on the part of surplus countries to expand their imports and shift the emphasis of demand away from exports. it will be left to the financial The Japanese are reluctant markets to impose increasingly moverts to fiscal expansion, heavy shocks on the system in while retaining a thoroughly order to break the policy grid- summit's prospects.

Civil Service discontents

THE two Civil Service unions that have called a national the month are ostensibly a pro-strike for today and tomorrow test over pay. The CPSA and played straight into Mrs of Civil and Public Servants Thatcher's hands for the last three days of her re-election campaign.
It is not just that there will

be some disruption of public services. There is also a seam of political extremism to be exposed by Conservative and Alliance propagandists.

Before the results of the

strike ballot were declared last week, Trotskyists and Militant Tendency supporters swept back to power on the national executive committee of the clerical staff union, the Civil and Public Services Association.
Another Militant supporter, Mr
John Macreadie, had just been
elected deputy general secre-

tary.

It looks like a gift to
Labour's opponents. Leave
aside the fact that the CPSA is not affiliated to the Labour Party (at least not yet). Here is the march of the militants to prove that the hard Left flourishes in spite of all Mr Kinnock's promises to contain it. Mrs Thatcher has already implied that a Labour Government after Thursday would settle the dispute by caving in to the Left's pay demands over beer and sandwiches at Number

The truth of the matter is not so simple. The campaign of disruption over a 4.25 per cent pay offer rejected by the two largest civil service unions is not a Far Left plot. It is is not a Far Left plot. It is were evidence that the outgoing administration has been no more grievances.

Successful in managing its own relations than its Civil Sservice problem is one of

The Left takeover at the CPSA may reflect a revival of militancy in the lower echelons of the service, but is not of itself very instructive. This union of young, low-paid and transient employees has for many years been a political kindergarten — noisy, volatile and unworldly — where some leading Left-wingers are actually more moderate than the Right. Last week's internal row about the general secre-tary's powers of appointment was fairly typical of life at the tary's powers of appointment morale—these are difficult probtens fairly typical of life at the
top of the CPSA.

Recent industrial action, today's strike and the regional disstill a long way to go.

ruption promised for the rest of specialists such as scientists in accepting a salary system based more on merit and market That is a serious setback for

a sensible initiative: there is no natural law that says national bureaucracies must apply uniform scales of pay if variable rewards can create a more efficient public service.

Perennial problem But pay reform, especially in the traditionalist and highly-

unionised public sector, can only be secured by adept manage-ment and goodwill. It seems both have been lacking in the past eight years. The perennial problem of poor working conditions has not been overcome, and the manner in which 50,000 partmental quota rather than by -has further depressed morale. Civil Service promises to restore the 50,000 jobs over two or three years, to add another 10,000 training places, and to send the present pay dispute to arbitration. Party spokesmen claim that most of his job creation would pay for itself, in more efficient collection of taxes and disbursement of benefits. But even if their sums were correct, this would be a very partial answer to present

management not merely one of money. No doubt all the political parties will seek to make capital out of the current discontents in the remaining days of the election campaign. But, like so many other issues which are hotly debated between the parties this one does not lend are notly debated between the parties, this one does not lend itself to simple slogans. How to manage the Civil Service efficiently, how to implement a sensible pay and promotion structure which provides the right incentives and improved manage—these are difficult with

Stewart Fleming, Philip Stephens and John Wyles at the opening of the Venice summit

Many leaders, but a lack of leadership

OLITICAL extravagant media attention have traditionally focused unreasonable expectations on world economic summits. Perhaps, however, the disappointments of past years are now beginning to weigh

more heavily.

Certainly, this year's twoand-a-half day gathering in
Venice, which opens this evening with discussions over dinner in the sixteenth century Ca' Grande, seems to carry fewer hopes than most of its Partly this is because the

political authority of all seven leading participants has been muted for one reason or another. Partly it is because governments of the Western world's seven leading industriaworld seven leading industria-lised countries have barely begun to develop a collective strategy for dealing with grow-ing economic and political problems.

problems.
President Ronald Reagan, by his office the natural leader of the West, arrives in Venice the most seriously handicapped. His domestic credibility is gravely diminished by the Iran-Contra scandal and national attention is increasingly focusing on finding a new president and electing a new

Congress in 1988.
Neither Japan's Prime Minister, Mr Yasuhiro Nakasone, nor Mr Amintore Fanfani, Italy's caretaker Prime Minister, who is besting the ster, who is hosting the gathering, are expected to see out the year in their present positions. But both are deeply concerned about Mr Reagan's ability to contain protectionist fires in the US Congress and provide confident Western leadership in his dealings with Mr Mikhail Gorbachev. As

Mr Mikhail Gorbachev. As storm clouds gather increasingly over the gulf, the President's abilities have come further into question.

This crucial sense of fading leadership — Chancellor Kohl has lost regional West German elections, Mrs Thatcher is sacrificing less than a day of her re-election bid to be at the summit and Mr Brain Mulronev summit and Mr Brain Mulroney of Canada is sinking in the opinion polls — does not encourage optimism over the

The challenge is clear: the seven leaders must take at least a small step towards more collaborative economic and political relationships which would compensate for the relative weakness of the US

In the arena of economic policy, evidence of forward momentum towards more co-operative leadership is urgently needed.

imbalances among the indus-trial countries are posing the most serious threat to world economic growth since the acceleration in US inflation and the second oil shock at the end of the last decade. The Organi-sation for Economic Co-opera-tion and Development expects world growth of little more than 2 per cent this year and sees scarcely better prospects

next year.

The foreign exchange markets are watching the outcome of the summit with anxiety. They fear that unless there is a major shift in policy—involv-ing the US making substantial cuts in the budget deficit and Japan and West Germany significantly boosting growth rates—the dollar may fall much

further.

The credibility problem is all the more acute because each participant recognises that Venice cannot yield substantive new initiatives beyond what was agreed in the Louvre accord in Paris last February, the first joint commitment by the major industrialised countries. the major industrialised countries to currency stability. It was backed up by promises of co-ordinated economic policy

Current account imbalances pose the most serious threat since the last oil shock

initiatives and understandings about acceptable exchange rate The extent to which these

commitments have helped to stabilise the currency markets is a moot point. Stepped up intervention by central banks has undoubtedly been a factor working towards currency stability. The fact that the industrial countries have provided the markets with some official leadership has also been a stabilising factor. So too has the Federal Reserve Board's demonstration that it is willing to raise interest rates to defend But follow through domestic economic

changes by the US, Japan and West Germany has lagged behind. Japan has moved some way with its pre-summit announce-ment of a Y6,000bn (\$40bn) of expansionary

The move has been cautiously welcomed by the other summit participants who can be expected, therefore, to refrain from "Japan bashing." But the

growth, and Mr Nakasone's ability to push the package through an obstructive parliament, remain crucially un-

west Germany has not even gone that far. Although its economic growth rate is expected to slow to perhaps only 1.5 per cent this year, the Bonn Government has resolutely refused to adopt expansionary measures ahead of a tax-cutting package planned for next January.

Mr Baker had been using the threat of dollar devaluation to pressure Japan and West Germany into adopting the macro-economic policies the US favours. Now, however, with the industrial countries includ-ing the US publicly committing themselves to currency stability. Mr Baker's leverage is diminished

diminished.
Even the Reagan Administration itself has had to resort simply to promising that the US budget deficit will decline by enough for it to claim that it is living up to its side of the bargain. The real confrontation on budget priorities between the administration and the Democratic Congress will not begin until next month. Were the White House to signal in Venice that it is ready to concede a significant increase in taxes to achieve a credible deficit reduc-tion package, it would be undercutting its own negotiating posi-tion with its political adver-saries in Washington.

Many suspect that some top advisers surrounding President Reagan including Mr James Baker, the Treasury Secretary, do indeed want to strike a deal. Whether the President can be convinced is a question which is subject to intense, but not well informed, speculation.

The summit's final communique will undoubtedly en-dorse the co-ordinated strategy to stabilise the dollar agreed in

But serious reconsideration of first time summiteers will have

In the meantime, maintaining onfidence in the dollar could world loans by increasing its hatuhc. confidence in the dollar could prove even more difficult. Pre-sident Reagan's decision last week to replace Mr Paul Volcker as chairman of the Federal Reserve Board, the US central bank, by Dr Alan Greenspan is a major factor. Dr Greenspan is a man of solid reputation but limited inter-national experience. H efaces

nervousness over Congressional moves to pass a protectionist trade bill, concern about inflationary pressures in the US economy and fears that recent increases in interest rates to defend the dollar could undermine US economic expansion. Where the seven are going on policy co-ordination may seem obscure; but plans for handling Third World debt are even more uncertain. Their basic strategy, built around

the task of building his credi-

bility against a background of

negotiating separate solutions for individual countries seeking to reschedule debts, will be re-affirmed and new initiatives promised to give special relief for the poorest debtors, mainly in sub-Saharan Africa. These would involve, among other things, a move towards conces-

sional interest rates.

Japan has stirred considerable interest by its talk of launching a special \$20bn fund for debtor countries, but Mr Nakasone will be pressed hard for debtor to have the more. underlying economic policies launching a special \$20bn fund will have to wait until the for debtor countries, but Mr annual meeting of the International Monetary Fund in September. It will not be the woul die distributed, and what proportion would represent

loan loss reserves has thrown a shadow over the way forward. While raising the prospect of greater flexibility in dealing with the debt crisis, it leaves unanswered the problem of how to increase financial anxiety about President Rea- hand. But since everyone in-resources to debtor countries gan's leadership of the Alliance, volved needs a political success, when commercial banks are which was so badly bruised by the final communique can still falling to provide the new

loans envisaged under the socalled Baker plan for Third World growth.

prospect, even more trouble-some. More often than not a "joker" emerges in the two or three weeks before a summit. This year, President Reagan's desire for an allied contribution to Washington's attempt to defend shipping through the Gulf has caused the allies some consternation. Some, like Britain, question

the Reagan Administration's wisdom in proposing to allow Kuwaiti oil tankers to fly the American flag. Some kind of common front

will be necessary in Venice however. Here the escape hatch may be the United Nations. Instead of pressing for an Allied military contribution in the Gulf, the US is now focusing upon a possible UN resolution calling for a cease-fire backed with an embargo on the sale of arms.

On the other major foreign policy issue — the summit will tackle — arms control — the discussion may be smoother. The

cess last week in overcoming its internal divisions to endorse the "double zero option" should enable Nato foreign ministers to give broad backing to the US negotiating position at their meeting this week in Reykjavik. Relative Allied unity on arms control, however, cannot conceal anxiety about President Rea-

javik summit with Mr Gorba-chev and has been further harmed by revelation in the Iran/Contras hearings and by the disarray that has emerged Non-economic issues seem, in in Washington over policy in the

1987 1988

Aware of his weakening public image, Mr Reagan has begun to try and counter the propaganda campaign Mr Gorbache has mounted in Europe.

So far, however, Mr Reagan has failed to get his message across. He is seen by European officials, as well as large seg-ments of the general public, as lacking dynamism and compeence and being out of tune

with European preoccupations.
This European perception is, however, understood in Wash ington. A recent Congressional report on US-European rela-tions concluded that over the past decade, "judging from West European reactions to US policies and measured against the goal of enhancing con-sensus in Nato the US has not been a very effective Alliance leader." To be so, it added, the US "needs to take into

With Washington so pre-occupied with its own economic problems, so intent on blaming its trading partners for its diffi-cuties and with a weakened presidency, the summit will be hard-pressed to find convincing responses to the problems at which was so badly bruised by the final communique the near disaster at its Reyk- scarcely claim less.

Cake for all

in Egypt

When Fawzi Metwalli, the Egyptian entrepreneur, staged the opera Aida in Luxor recently, he ran up against an almost immoveable object: the

It was a credit to him that be It was a credit to him that he persevered. The Luxor Aida was, by any standards, a memorable production of a famous work. But Mr Metwall's exasperation was obvious when he told reporters that "everyone wants a piece of the cake." He was expressing the perennial frustration of those seeking to do husiness in

Egypt. In Britain people complain about the weather. In Egypt they complain about bureau-cracy. It is a dismal subject, but Egyptians bring to it a capacity for wry observation and a fertile sense of the ridiculous. They are known throughout the Arab world for thronghout the Arab world for their humour at the expense of bureaucrats. It serves, one suspects, for a defence against a monolithic state that has traditionally weighed heavily on its citizens.

eking to do business in

Max Weber, the German sociologist, described the Egypt of the Pharaohs as a "purely bureaucratic state." It is an observation that could equally well apply today.

Professor Saad Ibrahim of the American University in

Cairo attributes this bureau-cratic tradition to the country's reliance on the waters of the Nile. The allocation of the water has been, since the time of the Pharaohs, the task of state officials.

Oldest joke

In Egypt the first recorded complaint against an oppressive official can be found in the "Book of the Eloquent peasant," which dates from 1,000 BC. The story line has cianged little over the years, and a feature of popular culture is the attention given to anti-bureaucratic themes in books, plays television and radio serials, cartoons, and jokes told on street corners.

Men and Matters

Thus during the recent Ramadan fast a television serial at evening peak viewing time featured the story of Sonbol, the peasant, wha had made his million and wanted to help his country by developing desert land, but was frustrated by layers of bureaucracy.

During his truggles Sonbol, played by the popular comedian. Mohammed Sobhy, encountered and old man, who, like him, was trying to get a permit to reclaim desert land. Eventually, after seven years, the old man was granted permission whereupon he propmtly upped and died.

Such a theme may appear crude to a western audience, but to Egyptians it strikes a special chord. Ingrained in the Egyptian lexicon is the phrase "Fut alina bukra", which means, literally, "Come back toliterally, morrow".

It is the standard responce of Egyption officials, who in a recently Government-commissioned time and motion study found, on average, work just twenty minutes a day.

Tewfik Hakim, the cele-brated Egyptian writer, in his play "The Sultans Dilemma," included the following ex-change, in which a judge sought to establish a man's identity. "Tell me something about this person . . . what does he do?", the judge asked. "Nothing" is the reply.

"Has he no profession?"
Allegedly yes, but that is not the case. "He is alleged to have a profession, but does not work?" "That is so." The judge concludes, "Then he must be a girll server!" must be a civil servant." Salah Djahine, Egypt's bestknown cartoonist who died recently, used as his standard character an individual named Abdel Aady El Bureacrati, who this huge mausoleum. embodied some of the perverse characteristics of Egyptian bureaucrats. A morning radio programme pursues similar



get away from it all—who would you vote for?"

Death throes

Egypt's legion of bureaucrats weild formidable power, partly because of weight of numbers. Thirty three per cent of the workforce of about 10m is employed by the Government, eight times the number in most western countries.

Western countries:
Overmanning adds to the delays. The Mugamma, a vast structure of Stalinist appearance on Cairo's central Tahrir Square, is the country's bureau-cratic HQ. It is the place where citizens engaged in rela-tively simple tasks, such as securing a passport or pension rights, encounter the bleak face of the officials. In their frus-

Complex procedures are a feature of the Egyptian bureau-cracy. When I registered my car recently I went through no themes as those in the press fewer than 12 steps, including about official obstructionism, the payment of gratuities,

which took the best part of a day in surroundings that could only be described as chaotic.
Integral to the Egyptian system is the payment of bak-sheesh, a Turkish word dating from Egypt's Ottoman era which means the payment of a tip, or fee, for service. These gratuities were traditionally offered to menial workers but it is now the practice for even middle level officials to exact payment of baksheesh to per-form relatively simple tasks. The distinction between bak-sheesh and bribery has become blurred. In effect baksheesh in Egypt

these days oils the wheels of a creaking bureaucracy. Most citizens don't have the time, or literacy, to thread their way through the maze, hence the need for agents who can be found outside most offices where the public deals directly with officialdom.

These agents have connections with bureaucrats. They it was a fee as a fee.

function, for a fee, as go-betweens. At a higher level foreign companies are also obliged to employ agents who assist their clients in penetrating the Egyptian bureaucracy.

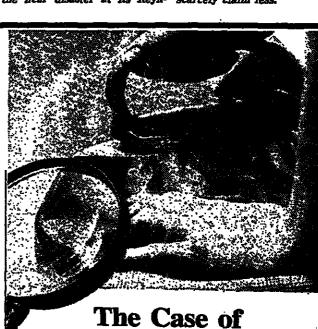
Donkey's tale

Conversation with Egyptians is spiced with jokes about the problem. One that sums up the frustrations involves a conversation between a camel and a
donkey. The donkey, on his way
back to his village, encounters
his friend, the camel, who is
running away. The camel tells
the donkey not to return
because the bureaucrats have
entered the village and are
killing off all the donkeys.
The donkey considers this
piece of news for a moment
and then asks the camel why he
is fleeing, to which he replies.
"How do I know they will make frustrations involves a conversa-How do I know they will make an exception for me

an exception for me.".

The Egyptian Government has various plans to improve the situation but few expect great changes. "You just talk about it but don't do anything," says Mohammed sid Ahmed, an newspyramids, and there's bureau-cracy".

Observer



the Tailor's Hands

(from an unpublished adventure of Mr. Sherlock

Holmes) "But Holmes, how on

earth did you deduce that our mysterious visitor acquired his wardrobe ready-to-wear - and from Chester Barrie?"

"Come now, Watson. The man had not been in London long enough to get made-to-measure garments, yet everything about him said, 'Savile Row'. Surely

you observed the hand-made button holes and the natural horn buttons? The precision of the stitching indicated skilled hands - using pure silk thread, I fancy. And there was the unmistakeable effect of hand-pressing with the heavy gas-iron".

"So Chester Barrie showed their hand?"

"Excellent, Watson, Like me, they have their methods",

Chester Barrie

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ETHICS AND THE UK ELECTION

Thatcher's jungle, Kinnock's zoo

By Joe Rogaly

POLITICAL morality is the on the table for a moment; the issue that matters most in this significance of the individual election. For there is a fundaelection. For there is a fundamental difference between the values of the Thatcherite Con-servatives and the Kinnock-led Labour opposition. Less obviously, the ethical origins of the Liberal Party differ from those of its Social Democratic partner, but life is too short to contemplate all that. The British as a whole are reluctant to date morality of any kind, on the grounds that (a) such talk is pretty airy-fairy, while (b) those who profess superior values are probably bogus. Yet an inner consciousness of values is probably the strongest in political life.

It is certainly a strong force in modern conservatism. Mrs Thatcher's new testament could Thatcher's new testament could be made up of a bound volume of books of her prophets, from Adam Smith to F. A. Hayek, with commentaries by their latterday disciples, starting with one of her early policy advisers, Ferdinand Mount, and concluding with her retreet concluding with her newest. Professor Brian Griffiths. The Centre for Policy Studies, initiated by Sir Keith Joseph, has published such commentaries in a series of slim pamphlets. They tell it all.

"I believe that one fixed point in a Christian view is the significance of the individual,"
writes Professor Griffiths, who
points out that "the compassion of the Good Samaritan was shown to an unfortunate indi-vidual, and not to some dis-criminated against group or disadvantaged social class." In truth, most of the new Tory thinkers seem to have been ratiled by the tendency of Church of England bishops to demand higher taxes and more

spending on the poor. But they do not deny that these are ethical matters. "A morel precondition of an effective policy for a property-owning democracy," says Mr Mount, "is that the propertyless should be accorded dignity and opportunity." (Straight cash is usually excluded from such precepts.) According to Professor Griffiths, "inflation is at heart a moral problem, because inflation is theft." It because inflation is theft." It results, he says, "in a wholly capricious redistribution of income: from the weak to the strong, from the saver to the borrower, from the pensioner to those still in employ-ment. " Lay those pieces

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Thinks and

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of inflation. Add the importance of property. Find a place for opportunity. Now the other pieces snap in easily. The market economy falls into position in the puzzle without

Behold: prices are stable and the ownership of homes, small businesses, and shares in larger companies is widely spread. Savings become reliable. Con-sumers are satisfied. Following

sumers are satisfied. Following the party's manifesto, schools propagate "moral values: honesty, hard work and responsibility." Not to mention "character", better "standards of personal discipline" and greater aspiration to higher achievements. Individuals become responsible for their own well-being and that of their families. As good Marxist-Leninists like to dream, the state practically withers away. practically withers away.

Indeed, you could tease the Indeed, you could tease the thread out to the extreme that Professor Griffiths calls "libertarian ideology", under which education, welfare and health care might be privatised. Pull a little harder, follow the logic through, and you abolish immigration controls, censorship, and laws restricting prostitution or the taking of dryes. Welt The laws restricting prostitution or the taking of drugs. Walt. The permissive half of "libertarian ideology" would be regarded as profoundly immoral in Mrs. Thatcher's Downing Street; the privatising half is probably seen as a trifle impractical.

A hasty back-track is required, to 1980s Thatcherism, with its vision of a society in which the majority of individuals and families take care

viduals and families take care of themselves in a property-owing market economy. This is the famous Tory dictum that policy must run with human nature, and not against it. Or, as Dr Jose Harris of St Catherine's College, Oxford, puts it, the division is between those who see society as a upple and those who see it as jungle and those who see it as a zoo." To be fair, in the Thatcher jungle there is a place for help to the unfortunate.



are talking Victorian values here. Yet this line of thought

ls very strong among American

moral preference is that individuals, families, companies, voluntary organisations, and communities should stretch out conservatives. the hand of charity. Such are the ethical responsibilities of property-owners. In the absence of a religious underpinning, this essential heart of That-cherite morality is hard to follow, for the human nature that makes the best of the market-place is not always the same human nature that makes

is beyond

at the slum-dwellers, their argument runs, and you render their state of subjection permanent. Signal that you expect them to help themselves and. miraculously, they will. The ultimate immorality, to such thinkers, is socialism. The best way of defining it, as seen through Thatcherite eyes, is "whatever extends the boundaries of the state." Under socialism thus regarded, we are personal sacrifices in order to help others. The iton does not invariably lick the wounds of

all caged in Dr Harris's 200. The increase in inequality since 1979

dispute As to the undeserving poor-The Kinnock version is somewhat different. It is more diffi-cult to define, partly because there is no Labour equivalent of those who could better them-Thatcher Jungle there is a place for help to the unfortunate.

Following Victorian practice, this group is best divided into "deserving" and "undeserving."

The first comprises people who cannot look after themselves: the severely disabled, perhaps, or the very old, or possibly the long-term unemployed. It is accepted that the modern state will help them, although the selves but fail to do so—the moral perception is that it is bad for such people to keep them in a state of dependency. If you do, Mr Mount suggests, you support "a belief that we are stuck with a permanent underclass which will never be able to take on the responsibilities which we regard as a will help them, although the Sir Reith Joseph's Centre for Policy Studies, and partly be-cause there is such a striking difference between the Marxist/ Trotskyist ideologies of activists on the Left of the Party and the values of such Labour leaders as

type of effect (assuming, of course, that wage bargainers

and price-setters respond appro-priately) this was not the cen-

Kiss accepts) but in the case of the EMS means a sacrific of

domestic policy independence, and in particular limits the

ability of the UK authorities to react to the impact of external

shocks on sterling such as changes in the oil price. The problem is made more acute in attempting to tie the value of

membership has, initially on the absolute level of interest

Whatever impact

Thus a great deal of the socialist ethos of years gone by has been excluded from this year's mani-festo. Nationalisation of the means of production has been watered down to a mild programe of "social ownership". The 1983 rhetoric about a fundamental shift in the balance of power towards working people

Perhaps the overriding moral imperative of the Kinnockite Labour party is a commitment to greater equality. I remember asking Mr Hattersley some years ago about his position on the trade-off between freedom and equality. He came down un-equivocally on the side of equality. It is a sincerely held view: the freedom to purchase a good education, or health care, or a decent house does not exist for people on supple-mentary benefit. The fact that some people can be seen to be exceptionally rich and privi-leged is hard for the party to take; the poverty at the lower end of British society fills many of them with a sense of moral

This can also be traced back to the Victorians, and in par-ticular to the Oxford Move-ment and its offspring, the Christian Socialists. Whether today's Labour leaders profess a faith or not, the intellectual roots of their passion for equality are to be found in such 19th century interpretations of the Christian ethic. Mr Kinnock's friends say that Mr Roy Hattersley, Mr Bryan he was profoundly influenced organisation of society. That is Gould and Mr Kinnock himself. by his mother, a devout chapel-what the election is about.

goer. Yet Dr Harris, writing in the Times Literary Supplement, finds the role of Christianinspired philanthropy "proble-matic," on the ground that "Christians had been under a duty to love their neighbours for at least nineteen centuries before they thought of doing so through the medium of a welfare state."

It is not such a puzzle when one considers the conditions of life in modern city centres. It is very easy to understand the strengthening of such values in present-day Britain. The latest document in evidence, "The Growing Divide," is published today by the Child Poverty Action Group. Now the CPAG is a pressure-group for the poor. It found that the quan-tity of poverty had risen under tity of poverty had risen under the last Labour government. Its testimony must be judged accordingly. Yet when all the discounting has been done, the number of old people living uncared-for in appalling accommodation does not fall. The number of long-term unemployed continues to rise. The increase in inequality since 1979 is beyond dispute. This is not only a consequence of lower taxation of the rich: of lower taxation of the rich; it also follows from the more rapid rise in incomes of those in work as against benefits paid

to those who are dependent upon the state. Between November 1978 and April 1979 both prices and benefits very nearly doubled. Average disposable income per head rose by a fur-ther quarter on top of that You can argue details until you are blue in the face. But consider two children in compre-hensive school with both parents out of work. The family social security cheque will be the equivalent of less than £5,000 a year, plus rent. They probably live in a council estate. Who can say that they have as good a chance as the better-off majority of children? In such circumstances equality of opportunity is a chimera. That is why values are so important. A Labour Prime Minister who regarded care for such people as a matter of prime concern would naturally come to very different conclusions about taxation and the management of the economy than Mrs
Thatcher, whose starting-point
is the creation of wealth. Each
sees a different country, and a different ethical basis for the

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Lombard

Germany after the zeros

By David Marsh in Bonn

AT FIRST sight, West Germany's worries about the superpowers' plan to dismantle medium-range nuclear missiles in Europe look like just another example of the way the Germans always make everything difficult.

In reality, West German anxieties, troubling not only conservatives within the centreright coalition but also some strategic thinkers on the liberal political fringes, may turn out not to be so far fetched after

The mere fact that they are being so hotly discussed in the Federal Republic will certainly present the Soviet Union with significant opportunities in the

East-West power game. Unless the US and the other western allies handle the matter western allies handle the matter very carefully, the upsurge of debate in the Federal Republic about where its strategic in-terests really lie may herald a steady weaning of West
Germany away from Nato in
coming years — and a
strengthening of its readiness
to make economic and military
concessions to Moscow.

On the face of it, the Soviet Union is offering a bumper give-away. The "double zero" ontion rejuctantly accepted last week by the Bonn coalition, envisaging the scrapping of missiles of between 500 and

There are three reasons why the West Germans are looking Mr Gorbachev's gift horse in the mouth. The Soviet nuclear weapons which are left—of under 500 km range—will be uniquely targeted on Germany. Second, the removal from Europe of US Pershing II and cruise missiles which can hit Moscow amounts (in spite of continuing presence of 200,000 american troops in the Federal Republic) to a distinct shift along the path of "decoupling" of US strategic interests from those of West German reunification.

This exposes front-line West in gyears.

The West Germans could be increasingly loath to support US efforts to bar Soviet access to sensitive technologies. They may be persuaded to agree generous commercial deals in exchange for promises of more dissidents and emigres.

Moscow can also be expected in one way or another to nurture the forces of neutralism on both left and right—ranging from the peace movement to some of the proponents of Germany.

In short, the West German warn— There are three reasons why

Third, Nato's shorter-range nuclear missiles and artillery which will now assume greater importance is military strategies are for the most part not only stockpiled in West Germany, but also intended to explode there. These weapons deter not so much the Russians, deter not so much the Russians, but more the West Germans, from fighting a war.

The mistrust, much voiced re-cently by conservative West German commentators, of the motives of the US, France and Britain in pushing for the "double zero," could become self-fuelling. The more talk there is in the Federal Republic of the country being open to "blackmail" from the Soviet to blackmall from the Soviet Union, t he more likely the Americans (and the Russians) are to believe it—and "decoupling" will have gone a step further.

If this weakened underpinning for West German security within Nata were to result in

within Nato were to result in greater efforts to boost conventional forces by the Federal Republic, then the outcome would perhaps be satisfactory. But this is unlikely to be the case. The prosperous West Germans have grown tired of Cicero's maxim — those who want peace must prepare for war. West German defender war. West German defence spending has been roughly stable in real terms over the

missies of between 500 and 5,000 km range, will lead to the Soviet Union dismantling a far larger number of war-heads, including some (in the 500 to 1,000 km range) where the West has no comparable weapons. ing years.

This exposes front-line West note of the West German Warn-Germany more than ever to ing signals. Those who think the potential threat from the German "double-zero" numerically superior Warsaw worries are just a short-lived Pact conventional tanks and storm are likely to be proved

- Centralisation ... policies

From Professor G. Jones and Mr T. Travers

Sir,—Marc Living (June 3) accuses the Financial Times of corporatist assumptions although the system he supports is far more corporatist than is far more corporatist than current arrangements. At present elected representatives have at least some influence over housing and education, whereas he proposes the handing over of huge tranches of public money to non-elected and unaccountable groups, which will press for their own interests.

His scheme does not involve the passing of power to indi-victuals and the operation of real markets, nor cutting com-pletely free of the state. In housing non-elected institutions will effectively receive state assets at a knock-down price. In education the state will be giving money from tarpayers to what is in essence a pressure group namely school governors. So, Mr Living is a bigger corporatist than the advocates of looply superpress.

local government.

If the Conservative Party's manifesto is enacted the citizen will be left isolated facing central government, without the buffer of an intermediary tier of local government. The citizen will be overwhelmed by the centre, since it is more difficult.

restrict the property of the tree order to the terminal order. Letters to the Editor

for an individual to cope with domestic nominal interest rates.

Whitehall than with the local While I accept that EMS town hall.

It is not just the Conservatives who are proposing more cen-tralisation. The Labour and Alliance Parties are urging minimum standards to be imposed on local government, the forcing of local authorities to abolish selective education, and aboush selective entication, and the establishment of regional government, which will inevit-ably pull powers upwards away from local authorities. (Professor) George Jones,

Tony Travers (Research Director of the Greater London Group), London School of Economics. Houghton Street, WC2.

Joining the **EMS**

From Mr N. MacKinnon Sir,—Mr de Nemeskeri-Kiss
(May 27) takes me to task for ignoring the "credibility" impact that UK membership of the EMS might have in reducing both inflationary expectations and (as a result) the level of

sharper and more frequent changes in the level of interest rates. Neil MacKinnon Nomura Research Institute, 24 Monument Street, EC3.

> Voting in From Mr K. Underhill

Sir.—Re "Voting in Austra-lia," (June 4) the system used for the House of Representatives is not proportional repre-sentation. It is a transferable vote in single member districts, often called the alternative vote. It cannot represent both priately) (his was not the central point of my letter (May 20).

Let me reiterate briefly. A fixed or semi-fixed exchange rate target not only involves greater interest rate volatility (a point which Mr Nemeskerithe majority and minority in any single district, and thus does not lead to PR.

thereafter, there is likely to be

A more important matter is the impression gained that transferable voting is complex. and time consuming. The prob-lems of a high number of spoiled ballots and the long count are due entirely to the law whereby voters must mark large numbers of preferences: if voters were allowed to mark as many of few as they wished, sterling against the Deutsche-Mark, given the unrestricted mobility of capital between the two currencles. Electoral reformers in Austra-lia have long wanted this unnecessary requirements re-pealed: electoral reformers in the UK oppose compulsion.

Keith Underhill, rates in the UK the factors mentioned above imply that the future path of interest rates is by no means certain. Indeed 6 Chancel Street, SEI. Electoral Reform Society.

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Simulated stimulation of the West German economy DM 21.2bn (of which DM 2.8bn | late. On the average for the | growth.

Sir.—Your editorial of June 2 predicts West Germany will be ine focus of international demands to stimulate its economy. Certainly, the Japanese's recent actions will raise the question: why are politices desirable for one stagnating, surplus country not equally desirable for the Federal Republic? This question, however, must be combined with another: what would a reflationary policy effect in West Germany? I agree, moreover, that the other summit participants are not demanding West German expansion for reasons of pure altruism; they From Dr K. P. Kriegsmann reasons of pure altruism; they are, of course, interested in the spill-over benefits to their own economies. This suggests yet another question: what would the benefits of German reflation be globally? I have attempted to answer these queries with a will accommodate fiscal policy simulation run on an econo-metric model of the world economy. To start with the result: Such a policy would be good for West Germany but not saful in helping the world

The point of departure for the simulation was, naturally, German fiscal policy. I assumed Mr Stoltenberg will agree to bring forward income tax cuts from January 1 1988 to July 1 1987 and will increase the amount from just DM 15bn to economy.

The point of departure for

demand, other taxes would grow faster than anticipated. The end effect on the deficit would be a worsening of DM 13bn in 1987, DM 17bn in 1988, and DM 11bn in 1989. I assumed that monetary policy with long-term government bond yields rising only 30 basis

As a result of the monetary policy, fiscal policy would have no perceptible impact on

coming two years, however, real GNP would rise by 1.1 per cent pa stronger. This is smaller than examt expectable are two basic solutions: cut because of the stimulus, since real imports would grow 2.2 per amounts smaller than the value of the rise in imports and attributable to increase exports demanded by Germany's trading partners resulting from the spill-over stimulus to their economics. German nominal exports of goods. spill-over stimulus to their economics. German nominal exports of goods would be unchanged in 1987, DM 4bn (plus 0.7 per cent) higher in 1988 and would surge by DM 11bn (plus 2 per cent) in 1989. While the net effect of such a policy for West Germany would be significantly positive, the results for other countries are clearly disappointing. Look

are clearly disappointing. Looking at the entire period 1987 to 1989 for Italy, Belgium, the Netherlands and Austria growth of real GNP would be only 0.6 per cent greater than expected. For the bulk of the

domestic demand (the public-sector deficit), or, increase foreign demand to push up US exports. Our simulation shows cent more in each year—the spill-over effect. The current account surplus would decline by DM 15bn and DM 16bn in 1988 and 1989, respectively, amounts smaller than the value satisfactory. US exports of satisfactory. US exports of tional borrowing over the coming 10 quarters, all to lower the US current account deficit by \$3.3hn (DM 5.6hn). The price is much too high to make this a reasonable strategy. The price, however, may be adequate the price of th if such a policy could dampen protectionist demands on Capitol Hill!

(Dr) Klaus-Peter Kriegsmann (Senior Economist), Data Resources International

Liebigstrasse 19, D-6000 Frankfurt 1,



FINANCIALTIMES

Monday June 8 1987



Roderick Oram on Wall Street

Unusually active phantom

A PHANTOM of the Big Board was the most actively traded security on the New York Stock Exchange several days last week, even though it is a figment of investment bank-ers' imagination which may never

The hot stock, accounting for 3 per cent of volume some sessions, carries the name Harcourt Brace Jovanovich but will only end up in investors' portfolios if the US publishing group pulls off a \$3hn recapitalisation

a hostile takeover attempt by Mr Robert Maxwell, the British publishing czar. Harcourt Branch of the moral majority in Britain that no longer wants to see the health service, schools and pensioners excluded from control of the moral majority in Britain that no longer wants to holders will receive a \$40 dividend and one preferred share for each common share they hold. After recapitalisation, the common shares will become "stubs," trading at a deep discount reflecting the pay

Trading in "when issue" stocks and bonds is relatively common on Wall Street although almost always the security's value is well indicated and buyers can be sure it will be delivered. Harcourt stubs, however, are difficult to price, and they must clear a number of legal hurdles, including Mr Maxwell's attempt to block the deal in the courts.

None the less, the stubs are being keenly traded. Shareholders of record today will get the dividend and preferred share if the recapitalisa-tion is completed, but they can self their ownership of the stubs to lock in a profit on them. Other investors are buying stubs in hope of spectacular appreciation seen in previous recapitalisations.

Arbitrageurs, still smarting from the infamy heaped on them by Ivan Boesky and other takeover speculators, are enjoying a crack at piece of classic and legal arbitrage. They are exploiting the difference in the

shares' price before vs after recapi-There's some risk from problems which might throw off the recap,

an arbitrageur said. "But I don't think the whole thing will collapse and the price of the old stock fall." The full shares are trading around \$58 and the stubs at just over \$10 although some arbitrageurs think they may be worth closcapitalisation. The small price and margin requirement make them attractive speculative shares. No money changes hands until the recapitalisation is complete. So, if it fails, the stub trades are ripped up

with no financial loss to either side. Logistics of nullifiying the trades would be relatively easy. The transactions have been forwarded to the Securities Industry Automation Corporation, which clears Wall Street's trades. Siac will not process the Harcourt stubs until just before a definitive settlement day yet to be fixed. If the recapitalisation is aborted, it simply cancels the

Permission for trading the stubs was given last week by the New York Stock Exchange, after an in-ternal review. It feels comfortable with the trading of the stubs on a "when as or if" basis, but "anyone who buys or sells in that market should be aware of the circumstances surrounding it," an official

The Big Board is still investigating whether stubs of Allegis, another recapitalisation candidate, should be traded. The travel group's plan to fight off an investor group intent on breaking it up are not as advanced as Harcourt's, and lacks key elements, such as record dates.

No security can be traded until it has been registered with the Securi-ties and Exchange Commission. But the Harcourt stubs are covered by the old common shares' registration document, even though the balance sheet and ownership will be transformed by the recapitalisation.

Stocks trading "when issue" fail to come to fruition perhaps only four or five times a year out of several thousand issues, estimates an official of the National Association of Security Dealers.

A notable one last year was an attempted recapitalisation of Warna-co, a Connecticut-based clothing manufacturer, which was trying to foil a hostile takeover. The recapi-talisation was almost finalised when the management bowed to an increased offer of \$550m from the raider, forcing the stub trades to be ripped up.

But when the transaction goes several days further, the unwinding process can be fraught. Perhaps the most tragic case happened in June 1983, with the initial public share offering in Eagle Computer, a Cali-fornia maker of IBM clone personal

omputers. After celebrating closing the deal, which made him \$9m richer, Mr Dennis Barnhart, the company's founder and chief designer, was

killed when his Ferrari crashed. The death of such an important company official invalidated the of-

Tories confident of victory US Bell despite Labour pressure

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MRS MARGARET THATCHER the UK Prime Minister, will later today fly to Venice for a 24-hour visit to the world economic summit confident of securing re-election on Thursday, despite continued Labour pressure in key marginal

All the parties yesterday held ce-All the parties yesterday hear te-lebrity rallies around London to reinforce their final campaign mes-sages. Mrs Thatcher talked of re-newed national confidence and dereloped the "don't let Labour wreck it" theme of the Tories' major series of national press advertisements. Labour yesterday presented itself as the leader of the "moral majority

supporters of the Social Democratic Party/Liberal Alliance, arguing that it was now out of the election.

LATEST OPINION POLLS Average of five 42.5 34.5 intest polls

Alliance leaders, putting a brave face on their party's singgish poll ratings, claimed they were doing well in their target seats. Their fi-nal election broadcast last night followed Labour's first highly-praised broadcast in having voters and ce-lebrities talking about the qualities of the leaders against a background of soft music. The theme was "the politics of the heart and the head." The main national opinion polls all point to a continued large Tory

lead, and an overall House of Com-

mons majority of about 60, down from 144 at the last general elec-tion. However, two surveys of mar-

ginals point to a majority of be-tween 30 and 60.

Mr Bryan Gould, Labour's cam-paign co-ordinator, said the party was "very well placed now to close on the Tories." He said the turning point of the campaign was last Thursday when Mrs Thatcher spoke about her preference for private health care, and said this had not yet been reflected in the polls. He cited private polls showing Mr Neil Kinnock, the Labour leader, five or six points ahead of Mrs Thatcher as people's preferred choice as prime minister and claimed that this would show in voting intentions in polls on Tuesday

and Wednesday. Details and analysis, Pages 12, 13; Ethics of UK election, Page 17

Lloyd's syndicate faces losses of £248m over asbestos claims

BY NICK BUNKER IN LONDON

ONE of the biggest marine insurance syndicates at Lloyd's of Lon-don has been forced to provide against possible losses of £248m (\$406m) over the next 20 years because of claims arising from asbes-tosis and environmental pollution

in the US. The syndicate - number 317/661 has asked 1,458 people who be-longed to it in 1962 to contribute £10.27m now to bolster its reserves of cash, investments and reinsur-

ance.
Mr Richard Outhwaite, the syndicate's underwriter, said that would mean that a member of 317/661 who had a £40,000 share of its 1982 premium income would have to pay C8,396 this summer.

Mr Outhwaite's reserves include £190m in special reinsurance poliyears 2000 and 2004.

The 1248m figure is a "best esti-mate" of the ultimate losses arising from business written by Mr Out-hwaite five years ago, when he was making a market in special reinsurance contracts for other Lloyd's

Syndicates 317/661 agreed then to take over the liabilities of dozens of syndicates in respect of policies they wrote in the 1950s and 1960s.

cies, of which £87.5m comes from a least six syndicates which bought "time and distance" policy payable reinsurance policies from him in in annual instalments between the 1981-2.

In the 1986 annual report for syndicate 317/661, Mr Outhwaite says he has queried claims by some Lloyd's syndicates and insurance companies not as a result of cash flow difficulties" but because of "genuine concern" over the information given to him when the policies were originally written.
At least one of the six syndicates

has already begun legal action to recover money from Mr Outhwaite.

syndicates in respectively wrote in the 1950s and 1960s.

This has left it open to huge claims arising from damages paid by US corporations to victims of occupational diseases or polition.

Mr Outhwaite's figures have been unable to close their 1984 accounts because of uncertainties over whether Mr Outhwaite will pay up.

UK in airship deal for US Navy

BY JAMES BUCHAN IN NEW YORK

tries of the UK and Westinghouse Electric, the US electrical equipment manufacturer, to examine whether airships can help protect vulnerable naval vessels from lowflying missiles.

The contract, which is for the development of a single radar-carrying prototype, is expected to revolu-tionise the outlook for lighter-thanair craft which for 20 years have been relegated to advertising, public relations or carrying sightseers.
The deal will transform Airship Industries, which was rescued from the brink of bankruptcy in 1984 by Mr Alan Bond, the Australian entrepreneur. If the prototype

THE US NAVY has awarded a proves effective when fully opera-lysts say that Airship's Sentine act to Airship Indus-tional in 1990, the US Navy is ex- 5000 is technically more advanced pected to order more than 40 air- than Goodyear's 1960s-vintage airships to give surface vessels early craft. The contract is also regarded warning of low-flying missiles such as the Exocets that hit the US frigate Stark in the Gulf last month. The US-British joint venture, which was formed during the

depths of Airship's troubles in 1984, outbid Loral, the New York-based defence contractor which owns \$294m. About 20 per cent of the con-Goodyear's airship business. Goodyear, which has been building airships, or blimps, since the ford,

First World War and supplied the navy airships which went out of er US Government agencies, includservice in 1962, sold its aerospace ing the coast guard service and the division to Loral in March.

US Air Force, will interest themdivision to Loral in March. British officials and outside ana- selves in airships.

as a balance to last December's ourchase by the UK Ministry of defence of US-made Awacs aircraft. The order, which is for the proto-

type and mission avionics, carries options for up to five more airships, with a maximum value of a further tract work will be handled at Airship's base at Cardinton, near Bed-

Summit stands by pledge

Continued from Page 1

under close scrutiny. For Mrs Margaret Thatcher the UK Prime Minister, the summit will provide an opportunity to project her chosen image as one of the world's senior leaders prior to Thursday's general election.

Mrs Thatcher will arrive in Venice after the other summit leaders tonight, but in time for the opening dinner for heads of state and government. She will also be prefor the formal session on Tuesday before returning to London at

Innehtime on that day.

President Reagan will see Mrs
Thatcher for bilateral talks on Tuesday morning, a meeting which she is expected to use to its full advantage in the pre-election televi-

Some of the gloss has been taken off her visit, however, by an apparent snub to the Italian hosts. The

World Weather

mulatory measures will also come caretaker Italian Government hostnit to Mr Amintore Fanfani, the Prime Minister.

Although Mr Fanfani has only been prime minister for a little over six weeks and he is expected to step down after the Italian general election next Sunday, his preparation for the summit has included visits to all heads of government in their national capitals except Mrs Thatcher, who was unable to re-

ceive him. Because of the Italian domestic political crisis which broke at the beginning of March, senior officials have carried a heavier burden than usual in organising the summit

Mr Renato Ruggiero, the director general of the Italian Foreign Min-istry, has at times enjoyed almost

ministerial status, particularly dur ing the summit is irritated that Mrs ing a visit to South America in the Thatcher has not found time even spring when he was received by to pay a courtesy visit during the President Raul Alfonsin of Argentina and President Jose Sarney of

The Italian Government is hoping that the summit can bring some clarity to governments' future handling of the debt problem after Brazil's decision to halt interest payments and Citibank made provision for a large proportion of its non-per-forming debt.

An innovation Italian officials brought to the preparations was the use of a single document which, from the beginning of discussions between officials, was the base of the summit's draft conclusions This was constantly updated and amended in the light of external events and discussions between the summit sherpas, the heads of government's personal represent

Theft shows flaw in trade Continued from Page 1

shares were then sold through the London stock market to Schroder Securities and then to Smith New Court, which has been asked by the police and insurance compan volved not to engage in any further transactions relating to them. The sale of the bonds was facilitated by the failure of the Swiss

tated by the failure of the Swiss Bank Corporation to infirm the police of the disappearance of the package until last month. The first indication that something was amiss was given on March 24 when Swiss Bank Corporation telexed Warburg to ask for payment for the shares. Warburg replied the next day, saying they had not yet arrived.

UK Telecom market By David Thomas in London COMPETITION in the liberalised UK telecommunications equipment market is set to intensify as a result of the entry of one of the large US Bell regional telephone companies. Southwestern Bell, one of the se-

group to

battle for

ven companies spun off from Amer-ican Telephone and Telegraph in 1984, is to start selling a range of equipment in Britain aimed at the Conservatives is published, or anticresidential and small business maripated, and the market makers kets including telephones, tele-phone answering machines, cordess phones and private exchanges for small businesses, known as key

The venture, Southwestern Bell's first in Europe, is the first attempt by a Bell operating company to break into the UK telecommunications equipment market. It is a further sign of the determination of the Bell companies to expand their

international operations.

The company will also market a voice-activated telephone, which will allow callers to phone out without having to dial a number. These phones are increasingly popular in the US, but are so far rare in Eu-

Mr Zane Barnes, Southwestern Bell's chairman and chief executive officer, said the company would like to do other business in Europe.

It wanted to become involved in directory publishing, where it is one of the industry leaders in the US, and also selling equipment in other European countries as their markets liberalise.

Southwestern Bell, which had net income of \$1.02bn on sales of \$7.9bn last year, is to sell its Freedom Phone line in the UK. It sold more than \$100m of this range in the US

Mr Barnes said the company was making an in itial investment of millions of dollars in order to cap-ture a significant share of the mar-

Mr Stephen Carter, managing di-rector of the UK operation, said the company intended to launch 12 products next year in the UK, after they had passed the approvals au-thorities, using existing distribution

He said: "Southwestern Bell has lecom and will not be content just to scratch the surface."

"Looking at the privatisation of telecommunications, there is a big opportunity here," he added. Southwestern Bell holds more than 70 per cent of a company it has set up to carry out its UK opera-tions. The remaining shares are owned by two British managers it has recruited to run the UK opera-

Southwestern Bell is attacking the bottom end of the market. which has seen the fiercest competition since the liberalisation of te-

Prosperity eludes gondolieri

Continued from Page 1 followed by hunch with President

Francesco Cossiga. No sighting has yet been made in Rome, Venice or anywhere else of the electronically-controlled pigeon bombs which, according to one Italian newspaper, soldiers and police have been told to look out for.

are to keep an eye out for odd flying trajectories, but it is not known whether they are being encouraged to shoot suspects ou of the skies. A more easily verified and in

mensely more constructive appli-cation of electronics will be found, anachronistically, in the 17th century library of the clois ters on the island of San Giorgio Maggiore, a six minute vaporetti ride away from St Mark's square While the heads of government will be seated at the library's oval table, each one's adviser will be a small distance away at an Olivet ti designed electronic marvel. In the distant 1970s, these adviser mit room and their delegation of fices carrying messages, requests for information or scribbled screams of alarm from their po-

Thanks to Olivetti, all exchanges in Venice will be electronic. The adviser has a choice of optical pen and electronics note pad, a desk top television camera or a silent with his delegation.

The "back office" communication

litical masters.

to the summit room are received on a message screen. Olivetti is not saying how much i has cost to develop this summit-eer's delight, which also incorpo-rates special linguistic facilities THE LEX COLUMN

Waiting for **Tokyo**

If the City of London had its way, the Japanese would be allowed to cast their votes in Thursday's gen-eral election. For the UK fund management fraternity is convinced that their opposite numbers in Japan are just waiting for the re-elec-tion of the Conservative Party be-fore sending a tidal wave of money into the UK equity market. So when the odd poll less favourable to the ipated, and the market makers mark prices down, the pension funds and the insurance companies are not actually selling. For they have been bitten once and are dou-

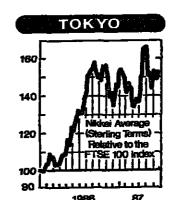
bly shy.
Over a year ago the British instiwas time to reduce their stake in the Japanese stock market. The price earnings multiple, at around 40 times earnings, was far too high for comfort, they told their trusts and the Japanese economy did not look in great shape. On old-fash-ioned fundamental grounds it was a

nity cost, as the Nikkei average, and the yen, continued to climb. Now the London market is more attuned to the Japanese concept, that weight of money, and not just in-vestment fundamentals such as earnings, is the key to understanding the future direction of share prices.

So now the British investors look across and see that the Tokyo market is on a prospective multiple about five times higher than the FT All-Share, and that Japanese in-vestment funds are sitting on about \$150bn cash, and they think of the terrible things their trustees will do to them, if they once again sell out 12 months too early to the Japa-nese. So when the London market makers shake the trees, these particular monkeys will hold on to the branches all the harder.

Circumstantial The evidence that the Japanese,

and foreign investors generally, will salute a Conservative victory with their billions is no more than circumstantial. It is true that the Japanese need to invest overseas in order not to be completely suffocated by an appreciating currency. It is tially underrepresented in Japa- this year, the Japanese were net the traded options market.



nese portfolios on any normal weighting criteria. But US stockbrokers are rubbing their hands with the thought that once a little local difficulty known as Irangate is cleared up, the Japa-nese will pile into their equity market. Not only is the US more suited for investment on a Japanese scale, Japanese investment houses which switch from dollar bonds to equities

of the same currency will not be obliged to crystallise their massive foreign exchange losses. What the Japanese experienced in the US debt market should tell the UK equity salesmen something else: that good money can become bad, no matter how big it is. Leave aside the currency losses, the Japa-nese have also lost about 200 basis points on their Treasury bonds over standers **equid** get hurt.

In any case, Nomura and friends are not so stupid as to attempt to pile in on Day One of the Thatcher third term. They can wait, perhaps for a few months. By which time the Japanese wall of money story will be wearing a bit thin even for the most persuasive of equity sales-men. It is difficult enough to assess

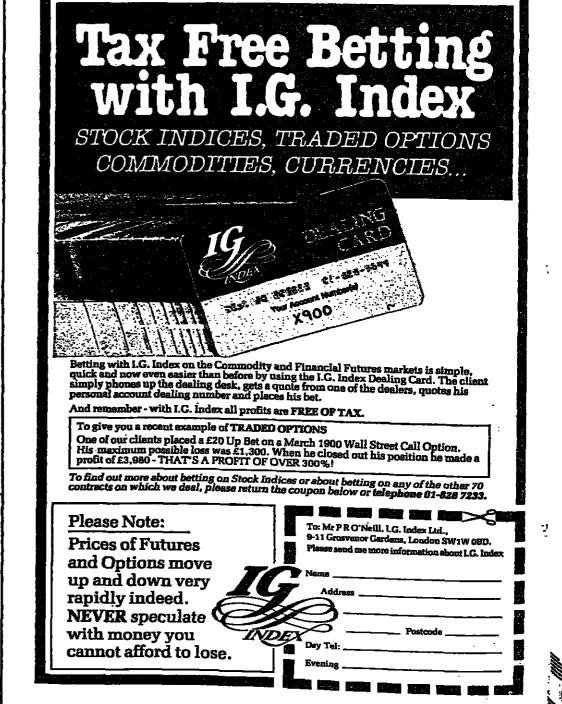
by an appreciating currency. It is true that foreign equities, and UK shares in particular, are substan
figures from the Japanese Secuing bet on a Labour election victory, rities Dealers Association suggest but if he were alive today he would that for the first three months of surely have placed his insurance in

sellers of UK equities. This has tempted the thought if the UK mar-ket can go up by a quarter while the Japanese are selling, who knows what heights it will reach if they are actually net buyers? But the sta-tistics, which have gained some currency in London, are very misleading, because they appear to cover only purchases originating in Ja-pan. The bulk of the Japanese buy-ing of UK equities will probably have come from the London out-posts of the Japanese securities houses, which are thought to have been net buyers on a considerable scale, as witness the first days of the secondary market in Rolls-

Royce shares. For that to be repeated a Tory victory is mandatory but not just any old victory will do for the foreign investors. An overall Conservative majority of 20 will seem fine to the UK investor, familiar with the Parliamentary Whip and the concept of dictat by majority. But seen from Japan a Tory majority slashed by 120 seats, and a resurgent socialist vote, could reawaken fears that Britain is not entirely behind the Thatcher experimen

A Labour victory may well be the unthinkable thought for Yuppie dealers, but the market they are working in should be discour all results, in proportion to the probabilities. The London Business School and Hoare Govett have studied this phenomenon, by tracking the hourly movement of the FTSE the past few months. Which is to index on May 21, a day on which say: a sell decision by large domestic institutions will be sufficient to drive prices down and innocent by opinion polls came in. The way in which the FTSE index gyrated to these items of news, implies an index fall of over a fifth to 1,700 if the Conservatives lose the election, according to the LBS. Don't panic. That is where the index was at the start of the year, when the Conser-vatives were eight points ahead in Anyone who invested last Friday

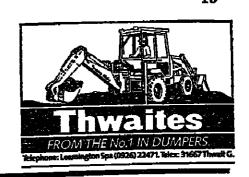
how much the Japanese have in a June option to sell the FTSE at bought in the UK, let alone to divine how much they are buying or, most spurious of all, will buy. same day bookmakers William Hill was offering odds of only 4 to 1 against a Labour victory. In 1964 Sir Max Joseph cried all the way to the bookies when he won his hedg-



SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

Monday June 8 1987



INTERNATIONAL BONDS

World Bank sets Eurosterling benchmark

THE AFPROACH of the Venice funds in the event of a Conservative summit of leading industrial nations this week proved a good excase for most Eurobond dealers to limit trading activity last week, even though few expected any inittatives on economic co-ordination to emerge from the meeting, writes would show significant gains for the Labour opposition, and the price of the World Bank's freshly

to improve early in the week, encouraging three houses to launch new fixed rate issues. But primary market activity was then stymied by the turmoil provoked by news of Mr Paul Volcker's impending de-parture as chairman of the US Federal Reserve Board.

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ATLEY, BA caide∈ 2 77 5 er from this to find that Venice was

almost upon them. the primary market last week, even though dealers said that investors orders had dried up pending the result of the June 11 general election.
Two fixed-rate Eurosterling bonds emerged for supranational borrowers, the Asian Development Bank and the World Bank, as their

lead managers judged that these

were the names most likely to be

snapped up in a renewed inflow of

Benk's deal was back trading

rosterlings with the issue. The bond represents a landmark more than a year, and almost for-Paradoxically, the Eurosterling not only in that it is the largest Eumarket saw much of the action in rosterling fixed-rate bond yet seen. but also the largest issue for a The Bank of England has previsizes to £180m for these types of

> Bulldog traders, however, were ty in their market. less than delighted with its appear-

victory in Britain's general election this week.

.The gamble looked a touch too brave on Thursday when the gilt market fell over a point on rumours dary Merket 21,477.0 1,705.1 15,988.3 6,887.6 24,375.4 1,983.9 16,983.5 6,028.5 18,140.1 848.3 8,439.3 12,477.9 22,507.5 772.1 8,040.0 10,518.8 launched £200m 20-year deal was pulled down in the commotion. Cedel By Friday, however, the rumour was confounded and the World

35,941,9 40,060.5 24,875.6 27,459.0 around its fees, and Baring Brothers, the lead manager, could con-gratulate itself that it had satisfac-West to June 4 1987 torily set a new benchmark in Euance. Starved of new issues for gotten by investors, this market has

become less and less liquid of late. In response to the move into the sovereign or supranational issuer in Eurosterling market by the World either the Eurosterling or the bull- Bank, which has two long-dated dog market (the domestic market for foreign borrowers). The Bank of England has previ-set about marking prices of supraously been thought to limit issue nationals down, concluding that the a higher yield premium for illiquidi-

The conclusion that the bulldog borrower had been withdrawn for

market is dead was probably pre- any reasons other than general cipitate, however. Bankers have market conditions.

long been predicting that it will gradually merge into the Euro- incident in the Japanese sector of sterling market, but it still has some distinct advantages both for issuers and investors. It is for instance still uniquely

possible to raise really long-term funds, of 30 years or more, in the bulldog market. And most UK institutions, who absorb the bulk of the long-dated Eurosterling bonds, prefer it because price behaviour is far more stable and because they get a greater say in the pricing of bonds than is available in the wider, Eurobond marketplace.

Elsewhere last week equity warrants bonds for Japanese borrowers continued to pour forth from the stables of the Japanese securities houses, and, with one notable exception, they traded around or

above par. ball bearings producer Minebea programmes for the London met so little demand that it had to branches of Mitsubishi Trust and be withdrawn by the lead-manager, Banking and Fuji Bank. They will Nomura International As Normura be able to issue certificates of deissue signalled that there should be itself pointed out, this was a posit of one to five year maturities remarkable move as it marked the with semi-annual interest payfirst time that a deal for a Japanese ments in tranches of at least \$50m

The decision caused a diplomatic the market because Daiwa, which was lead-managing an identical, fungible tranche of the issue in Asia through Daiwa Singapore, did not follow Nomura's lead. It did increase the coupon on its tranche by % point to an indicated 1% per cent.

This was expected to do little for bond that had traded at almost unheard of discounts of around 10 points below its issue price.

The incident is likely to cut down issuing activity by less popular Jap-anese companies in the market for Eurobonds with equity warrants attached, as it suggests that they will have to pay a much higher premium than their more favoured counterparts.

• Merrill Lynch Capital Markets Nevertheless, a \$100m deal for announced \$500m multi-tranche tap branches of Mitsubishi Trust and

Court puts block on bid for **Burlington**

By Our Financial Staff

BURLINGTON INDUSTRIES, the largest US textiles group, has been granted a preliminary injunction barring the \$1.85 hostile takeover offer by Mr Asher Edelman, the New York investor, and Dominion

Textile of Canada. Burlington made the request in a federal court in connection with its \$500m lawsuit alleging that the \$77 a share offer was based on confidential inside information.

The suit alleged that the partner-ship, called Samjens Acquisition, violated anti-trust and securities laws. Burlington said it was "gratified that the court has enjoined the group from proceeding with a ten-

Burlington also said the court rul-ing "establishes that everyone must comply with law in making a tender offer."

During a hearing on the request for the injunction earlier last week lawyers for Samjens said a preliminary injunction would kill its bid for

South African glass group's sales increase

By Jim Jones in Johannesburg

PLATE GLASS and Shatterprufe Industries (PGSI), the South African-owned glass and timber prod-ucts distributor, increased sales by 20 per cent in the year to March and is budgeting for further growth in the current year.

Turnover increased to R1.68hn (\$832m) from R1.40bn and pre-tax profits were R115.5m against R80.6m. The directors say the relative contributions of the South Africreased from \$200m, perhaps by up can and foreign operations remained unchanged.

Egypt rejects venture move by US bank

BY TONY WALKER IN CAIRO

burned down a Bank of America request to divest itself of its share in a local joint venture to an Islamic investment company.

Bank of America said the Central Bank had indicated it would not approve a transfer of the bank's 40 per cent share in the Misr America International Bank (MAIB) to El Ray-

The US bank said the Central Bank turned down the request on the grounds that El Rayan was not considered a suitable partner in

such a venture. Government officials have critiment sector which, in some cases, has been offering returns of 20 per cent on depositors funds.

These investment houses operate rangements in local banks. under an ill-defined set of laws, and in some cases effectively outside standing application to be allowed ernment control.

Insurance Company, the Industrial been given.

EGYPT'S Central Bank has quietly Development Bank of Egypt and the Kuwait Real Estate Bank. MAIB said it broke even last year, but it is no secret that Bank of America has been anxious for some

time to divest itself of its sharehold-

El Rayan, the most prominent of the Islamic investment houses, proposed investing about \$14m in MAIB, whose paid up capital totals

New foreign exchange regula-tions are believed to have persuaded institutions such as El Rayan to seek an involvement in the cised the burgeoning Islamic investment sector which, in some cases.

mainstream financial sector. But Egypt's Central Bank has proved reluctant to approve transfers of ownership or new shareholding ar-

to convert its operations from those MAIB's shareholders, apart from of a foreign currency branch to a Bank of America, include the Misr joint venture. Approval has not yet

GM to upgrade Antwerp plant

BY WILLIAM DAWKINS IN BRUSSELS

completed by autumn next year, sponding period of 1966. and on making modifications for

els, including the new Ascona.

GENERAL MOTORS Continental The move follows the investment is to spend BFr 2.8bn (\$74m) over of BFr 28bn on the Antwerp plant the next year to modernise and up-grade its Belgian production facili-ties in Antwerp.

The bulk of the cash will be spent.

The bulk of the cash will be spent. on merging the two factories on the plant in the first four months of this Antwerp site, a project due to be year, up from 139,776 in the corre-

Last year's total production the production of future Opels mod-reached a record 383,000 Opels and

EUROCREDITS

Anxieties over Norwegian loans unnerve bankers

NO SOONER had bankers' nerves been calmed over the now-rescinded threat by Fuerzas Electricas de Cataluna (Fecsa) of Spain to cut moral obligation to make sure the interest rates on its debt pending a rescheduling, than their blood pressure was set rising from another quarter – Norway, writes Stephen Fidler in London.

Norway's parliament is expected to discuss on Wednesday a proposal which will force 33 foreign banks to write off as much as 40 per cent from the more than \$230m which they are owed by the state owned Meanwhile on Friday, a Fecsa industry group, Kongsberg. steering committee commissing

ly guaranteed by the government, tion, with replies awaited from two the banks argue that the state has a or three Spanish banks.

Bankers say such a ruling by parliament would worsen the credit standing of other state sector borrowers in Norway and damage their efforts to raise new money. There are also suggestions that bank lines to these enterprises may be being

While the loans were not explicit- about 20 banks was near to comple-

Following the signing last month of a \$400m loan for Bank of Greece, talk is surfacing of a return by Greece to the loan market. A partial refinancing would avoid a bunching of debt repayments next year. OTE the state telecommunications concern, is expected to be the borrower, to be followed by the Public Power Corporation later in the

Associates Corporation of North ers. steering committee comprising America is raising \$250m over five

five basis points if more than half used. There is a commitment fee of 7.5 basis points. Butler Securities arranged a \$250m multi-currency certificate of

deposit issuance programme for the Britannia Building Society, the UK's 10th largest. Kleinwort Benson, First Chicago and Union Bank of Switzerland were appointed deal-

Orion Royal Bank is arranging a

years in a revolving credit with \$50m, eight-year bullet term loan swing-line, arranged by Merrill for Hammerson Property. It carries Lynch. It pays a margin of 18.75 ba- a margin of 25 basis points for years one to five, and 31.25 basis points for the remainder. The commitment fee is 6.25 basis points.

Orion is returning to the market to expand from \$200m to \$300m a note issuance facility arranged in 1985 for Colorado Interstate Corpor-

A Citicorp-arranged deal for Montedison of Italy is to be in-

This announcement appears as a matter of record only.



Hertz Realty Corporation (Incorporated in the State of Delaware)

Canadian \$75,000,000 9 Per Cent. Guaranteed Notes Due 1993

Unconditionally Guaranteed as to Payment of Principal and Interest by

The Hertz Corporation

Chase Investment Bank

Morgan Stanley International

Wood Gundy Inc.

Bank of Montreal Capital Markets Limited

Commerzbank Aktiengesellschaft

Banque Bruxelles Lambert S.A.

Crédit Lyonnais

Dominion Securities Inc.

First Chicago Limited

Dresdner Bank Aktiengesellschaft McLeod Young Weir International Limited

Merrill Lynch Capital Markets

Orion Royal Bank Limited

Prudential Bache Capital Funding

Crédit Commercial de France

Salomon Brothers International Limited

Shearson Lehman Brothers International

Union Bank of Switzerland (Securities) Limited



NEW ISSUE These securities having been sold, this announcement appears as a matter of record only. 26th May, 1987



Republic of Finland

Kuwaiti Dinars 20,000,000 71/2% Bonds due 26th May, 1994

The National Bank of Kuwait S.A.K.

Al Ahli Bank of Kuwait K.S.C.

Bahraini Kuwaiti Investment Group

The Industrial Bank of Kuwait K.S.C.

Bank of Bahrain and Kuwait B.S.C., Kuwait

The Bank of Kuwait and the Middle East K.S.C.

Burgan Bank S.A.K.

Commercial Bank of Kuwait S.A.K.

The Gulf Bank K.S.C.

Gulf Investment Corporation International Financial Advisers, K.S.C.

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Kuwait International Investment Co. s.a.k.

Kuwait Investment Company (S.A.K.)

Kuwait Real Estate Bank K.S.C.

Securities Group S.A.K.



INTERNATIONAL CAPITAL MARKETS and COMPANIES

REGULATION **SEC** may relax rule on foreign

securities STAFF AT the Securities and Exchange Commission in Washington are considering the relaxation of a rule on the distribution of foreign securities in the US which could have a significant effect on the international equities and Eurobond market.

The rule, which prevents the sale in the US of foreign securities until 90 days after their issuance, is one of a number of issues now being discussed by SEC staff re-lating to international capi-

lating to international capital flows.

The SEC said last week that no decision on whether to relax the rule has yet been made, but that this was under active discussion because "it may no longer be reflective of market conditions."

Other connected issues under consideration include the nos-

consideration include the pos-sible acceptance by the SEC of foreign prospectuses, perhaps after certain amendments, perhaps in reciprocity agreements with other

countries.
While the commissioners have yet to be presented with any recommendations from the staff, it is clear any easing of the way for newly-issued foreign securities to US investors would have major repercussions for the role of US firms in the Euromarkets and foreign government securities markets.

US securities firms have been arguing that their ability to compete internationally has been hindered by the effective absence of a "home market" for the placement of new issues. While this has forced them into finding an international investor base, it has become difficult for them, for example, to elbow their way into a number of international equities issues which are be-

into a number of international equities issues which are being offered on a regional basis.

As evidenced by the events of the last 12 months, the SEC's role has nothing to do with making life easier for Wall Street. But, providing a relaxation would be deemed not to conflict with its brief of vouchsafing the public interest and protecting investors, then it might be sympathetic to its arguments.

Stephen Fidler

which will have a market value of up to \$975 m.

which will have a market value of 224,500 ounces of gold last year, has interests in two mines in Nevada, the largest gold-producing state in the US. The company has 30 per cent of the stock market valuations currently being given to gold shares.

It is offering for sale 7m shares in FMC Gold at a sugsetted price of between \$13 to recapitalise the company by and \$15 each. The money raised will be used to repay intercompany debt and to fund the gold company's future ventures.

Stockholm SE fines four companies

STOCKHOLM

Stock vation list would take effect at lated to the size of the company.

Companies which are under-

entropies to the period of the control of the contr

THE STOCKHOLM Stock Exchange is to fine four Swedish companies, including the automotive and aerospace group Saab-Scania and the dairy equipment and process engineering group Alfa-Laval, for recent breaches of their listing regulations.

At the same time, the Stock Exchange said it plans to introduce the idea of an "observenion list" on July I whereby companies which are under investigation, for example for breaches of the registration agreement, would temporarily be put on a list as a way of alerting the market. The observenion is to fine four swedish company, which in turn is re-dairy equipment and process of the automotive and aerospace group Saab-Scania and the Saab-Scania and the Saab-Scania, Alfa-Laval, inform the Stock Exchange of the company. Sabb-Scania was fined SKR 463.758 (or the annual registration fee) for failing to mediate the process of the inform the Stock Exchange of the company. Sabb-Scania was fined SKR 463.758 (or the annual registration fee) for failing to which are underingoing major structural changes or which are underingoing major structural changes SKR 463.758 (or the annual registration fee) for failing to which are in the process of its full-year forecast for 1987 when it released the information was meeting in form.

As for the observation list, a company could stay on the list of the company. Were fined for the size of the company.

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As for the observation list, a company could stay on the list of the size of the company.

The Fermenta affair, among others, increased awareness that such that the situation of the size of the company.

Oslo plans laws to regulate stock exchange

BY KAREN FOSSLI IN OSLO

NORWAY'S MINORITY Labour Government is planning new laws to regulate the Oslo Stock iton and stock manipulation could lead to a three-year cern about insider trading and volatility caused by short-term trading.

The Norwegian stock market is presently self-regulatory with its board consisting of nominees from trade and industry. However, proposals unveiled by the Finance Ministry, and not yet discussed by parliament, will allow the government to appoint the exchange's board, which will have five to seven members, and a new 25-member advisory committee.

Violation of regulations on change will remain an independent institution in the future dent institution in the future den

Market value near \$1bn likely for FMC gold unit

BY STEFAN WAGSTYL

FMC, the Chicago conglomerate which last year carried out a \$1.5bn recapitalisation to ward off potential predators, is this sold in the US and the rest stills recapitalisation of potential predators, is this month to float off its gold mining interests as FMC Gold, Europe.

Which will have a market value of in to \$975m.

Thich produces of gold last year, has interests in two mines in Mevada, the largest gold-productive of the com-

Brierley to buy 15% of state-owned Petrocorp BRIERLEY INVESTMENTS of 100m shares by tender to a

BRIERLEY INVESTMENTS of 100m shares by tender to a (BIL), Mr Ron Brierley's New Zealand master company, is to pay NZ\$140m (US\$80.74m) for sectors. Mr Falconer said Petrohalf of the shares to be issued to the public shortly by stateowned Petroleum Corporation of NZ (Petrocorp, Renter reports from Wellington.

Meanwhile, BIL's planned acquisition of a 30 per cent

ment that BIL would get 100m shares, a 15 per cent holding, for NZ\$1.40 per share.

The government said in March it would sell 30 per cent of Petrocorp, and the company plans to release its prospectus next month and issue shares in early August.

Chairman of the National Companies and Securities Commission (NCSC) in an Australian TV interview.

The acquisition, which effectively gives BIL almost 40 per cent of Woolworths, the Australian retailer, would be the subject of a private NCSC.

Meanwhile, BIL's planned acquisition of a 30 per cent stake in Rainbow Corporation, Mr Paul Collins, BIL chief stake in Rainbow Corporation, executive, and Mr Bill the New Zealand retailer, has Falconer, Petrocorp managing breached Australia's takevor director, said in a joint state code, said Mr Henry Bosch, ment that BIL would get 100m

early August.

The statement said BIL's purchase followed Petrocorp's offer

subject of a private NCSC inquiry, Reuter reports from Sydney.

	NEW	NTERN	ATION	AL BO	ND IS	SUES	
Barrowers	Amount 	Maturity	Ay. Efe years	Cospon %	Price	Soek Rumer	Offer yield
US DOLLARS						M L.a	
Eagle halustr. 19	17	1992	5	1% 1%	18 6 100	Homera int Mikim Secs (Europe)	1.87 <u>5</u> 1.750
Mitsubishi Plastics 19 Daŭchi Com. 19	50 180	1992 1992	5 5	17/5	196	Yamaichi knt (Eur)	1.876
Shireki Cerp. 19	35	1992	5	Ž	186	Baiwa Europe	2.808
Asias Corp. 19	50	1992	5	13/8	169 198	Yamaichi Int (Eur) Monara Int.	1.750 1.250
Deises House kid. 19	360	1 592 2002	5 15	1¼ 6¾	198	Morgan, Stanley	1.439 8.875
LM. Ericsson 15 Toku Railway 19	68 108	2002 1992	5	134	188	Yameicki Int. (Eur)	1.375
Takara Standerd 19	58	1992	5	134	180	Micho Sees (Europe) Micho Sees (Europe)	1.758 2. 80 0
Tokyo Repa Mat. ‡ Tosi Co. 19	59	1992 1992	5 5	2 134	188 196	Henria fur Henria fur	2.000 1.375
Toppen Printing ¶	50 300	1992	5	136	198	Nomes int.	1.375
Stanotau Chemical 19	168	1992	5	1%	180	Yananichi Int. (Esr)	1.375
Yakuk Housbe ‡ ¶	88 150	1 992 1992	5 5	1% 1%	199 188	Homera Int. Mikin Secs (Europe)	1.376 1.250
Nitsubisti P'clenical 19 Sekisti Plestics 19	40	1992	5	11/2	198	Yameichi int. (Eur)	1.500
Hyogo Sogo Bank 15	196	2082	15	1%	199	Mikim Secs (Europe)	1.825
Fukunka Sogo Bank S	50	2082	15	1% (2%)	186 188	Kitko Secs (Enrope) Yamaichi Int. (Eur)	1.625
Victor Co. of Japan ¶ Victor Co. of Japan	50 108	1994 1992	7 5	(2 75) (15%)	180	Nomera let	*
Réarcages-Bonz Cradit 1	189	1992	Š	81/4	1801/2	Bestsche Bk.	8.128
Mat.Hespe Losus Corp. 1	109	1992	5	S ³ /4	180%	Commorzhank	8.556
RJR Nebisco ‡	168 186	1994 19 9 2	7 5	83/4 (13/4)	181 3/ c 180	Sk. of America lat. Daisea Singapore	8.488
Minebee ¶ Minebee Chem. ¶	288	1992	5	(11/2)	198	Yamaichi fut. (Eur)	*
Canon Salas T	169	1992	5	1%	188	Yamaichi Int. (Esr)	*
Jerline Stret. Hidgs \$	150 (s)	-	=	(61/2-7)	· 166	CSFB Nomera let.	*
Toyo Sest: ¶ Helwiko Bk. §	160 160	1992 2607	5 15	(15n) (150)	180	Yamaichi Int. (Eur)	* *
Daine Beachi ¶	180	1992	5	(15/a)	108	Homura Int.	*
Toyota Mintor Celt Corp. ‡	100	1990	3	85/s	1811/6	Midto Secs (Eur)	8.198
Blair Azhol Fin. †	118	1994	6.7	15 bp	106.15	CSFB	
D-MARKS		1007		61/5	108	Bresdner Sk.	8.125
Dayussa Int. Fin. ‡ Hoesch Int Fin ‡	2 90 150	1997 1954	10 7	61/a	180	Dentsche Bk.	6.125
SKB ‡	260	1992	Ś	5	109	Breadear Bk.	5.000
STERLING							
Goodman Fielder UK 15	85	1997	10	5	108	CSFB	5.888
Asian Dev. Bk. 1	58	1997	18	91/2	1917/	County Hebwast	9.218
Cec Corp. ‡	66	2 082	15 20	5 91/4	180 9834	CSFB Baring Bres.	(관 8 93. 로
World Bank ‡	200	2067		374	3074	Difference of the second	7-350
GUILDERS Raboback Necl. 1 **	288	1992	5	6	1001/4	Rehebank Ned.	5.948
LUXEMBOURG FRANCS							
RSC Finance BV 1 ""	308	1993	6	7%	160	Bgo.Paribas (Lux)	7.975
FolksAmerica Hodg ‡ **	369	19 9 2	5	75/8	190%	BSL.	7.448
ECU			_	370 /	4041/-	Di al Talua Can Silva	7,178
Japan H'way Pelitic Corp. ‡	120 100	1994 1992	7 5	7% 8	181% 581	Bis. of Tokyo Cap. Mikts. Kansaliis-Oseko-Pauldi	7.175 7.758
Kemire Dy ‡ Swedish Export Credit ‡	40	1992	5	7%	181%	Milder Sees (Eur)	6.950
SWISS FRANCS							
Piness & Co. 19	168	1982	_	2%	100	Credit Suisse	2.758
LIV. Ericason 15	128	2092	-	23/4	100	Credit Suisse	2.750
IAD8 † Sparebin Regaland †	288	1999	-	5	100 188	SBC Boe.Gutzwiller, 14.8.	5.990 4.875
Spercona.negament ** Council of Europa 1 **	48 50	1994 1994	=	4% 4%	1601/4	Krediothank (Suisse)	4.836
Iberduero 1	158	1925	_	5	18074	UBS	4.968
Bif Bank 19	158	1997	-	4%	123	Bank Leu	2.866
Ben Rorska Cdt.Bk. ‡Ø	59	1994		21/2	180	Boya Gestzeniller, K.B.	2,500
YEN							4
Canada †	83ba	1992	5 5	4%	101½ 183	House lot. Yanaishi lot. (Est)	4.B48
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		1909		1074	10174	100000	
AUSTRALIAN DOLLARS	70	4880	E	477.	48424	ANZ	13,258
Landesbank Stotogert ‡ Fast Fin. & Trade ‡	50 56	1992 1990	5	133/4 141/6	181% 181%	CSFB	13,438
BBP NV Asisterdam 1	5 5	1991	3 4	14	1911/2	CSFB	13.498
BP Capital BV ‡	198	1992	5	1374	16134	Bestsche Bk.	13,250
CANADIAN DOLLARS							
F'st Austries Bk ‡	50	1992	5	9%	101%	CIBS	9,450
Auco Faci Secs Casada ‡	75	1992	5	181/4	186	Wood Guody	10,250
* Not yet priced. ‡ Final tares. *	* Private place	ment. 9 With	equity was	ants. § Con	vertalde, 1	Floating rate nate. Ø With go	ld call and put
warrants. (a) 158,000 convertible	e com preferen	Ce Shares Wil	h a cominel :	value of \$1	908 each.	The preference shares will be o	pavertible into
ordinery JSH shares at an indicat 8.54%. (a) Dual currency, comp	um prominent of	14-1570. (t 14-15-0- 14) PUL SPRON 08% for fund	JR 2017] Jan 1917	7 1932 88	i 1950 355 25 (2070 10) gift à ' Jan 7anione d'Albert Land La cai	protes to put of Leade
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BHF-BANK

A\$40,000,000

BHF-BANK Finance (Jersey) Limited

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4th March, 1987

All of these securities have been sold, This announcement appears as a matter of record only.



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7³/₄% Bonds due 1992

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DEUTSCHE BANK CAPITAL MARKETS LIMITED

BANQUE NATIONALE DE PARIS

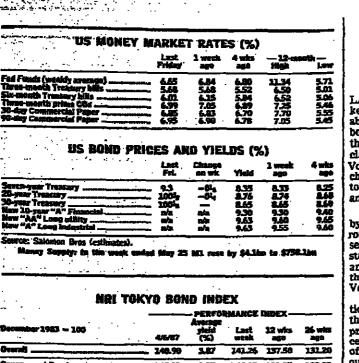
KANSALLIS BANKING GROUP

Nomura International Limited

CREDIT LYONNAIS

GENERALE BANK

PRIVATBANKEN A/S



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† Estimated par yield.

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US MONEY AND CREDIT

Noisy sell-off, sheepish recovery

kets had to think the unthinkable: Mr Paul Voicker, the bondholder's friend, is leaving the Federal Reserve. Having clamoured for weeks that Mr Volcker be reappointed as Fed chairman, the markets duly fell to bits on Tuesday when he announced his retirement,

Yet, as so often with markets, by Friday the unthinkable was routine. Most fixed-interest sectors were back where they started, with the dollar sound and no great trepidation about this week's economic summit in Venice.

The markets have reservations about Mr Alan Greenspan, the distinguished economist proposed as Mr Volcker's successor: that he lacks experience of the formulation and carrying out of monetary policy, that he will find it hard to match Mr Volcker's international stature, that he has lately been a bear

of the dollar.

They do believe that he is a monetary conservative. By the end of the week even timid international investors seemed to have come round to Mr

LAST WEEK, US credit mar. Greenspan. At the least he is The markets were encouraged expected to champion dollar-support and anti-inflation and tax-cut measures announced policies against more growthan election campaign.

There was even talk of a preemptive strike by Mr Greenspan to raise interest rates and convince sceptical markets of his anti-inflationary credentials.
This seems most unlikely. Mr Greenspan will evidently need some time to work himself into the job.

More representative of market opinion was the inscrutable comment by the house of Aubrey Lanston: "The change in the helm at the Federal Reserve could result in a prolonged period of no change in the Fed's policy stance."

The response to Mr Volcker's announcement was a strong echo of the reaction to Citicorp's announcemnt last month that it was providing against some Third World loans. There some Third World loans. There was a sharp and noisy sell-off of bonds and then a steady and rather sheepish recovery.

The week began quite well.

by the Japanese government minded members of the board and by the evidence that the tronics goods which ushered in and an administration entering Ministry of Finance was discouraging speculative short sales of dollars,

> However, the signs of life in the bond markets attracted a swarm of corporate bond issues—including a \$250m issue for Chase Manhattan—which were not enthusiastically received.

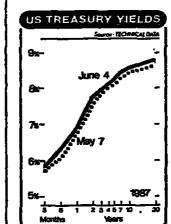
On Tuesday, corporate new issues were just one market in chaos. The Treasury 30-year bond, which is volatile because of its long maturity, fell 31 points amid a wave of overseas selling. The drop, which left the long bond yielding 8.93 per cent, was the largest in a single day since 1982

However, the market re-covered half of that decline on Wednesday and the recovery continued to the end of the week, with some help from weak unemployment figures on Friday.

Tuesday's events show that the markets remain fragile. But the recovery suggests that the markets' extreme hearishness about the dollar and inflation

has subsided.
The dollar ended the week at Y143.95, almost unchanged from its opening rate. The resilience of the dollar might seem per-verse, since any lingering hopes that the Venice summit might produce measures to buttress the dollar may have been dashed by the retirement of such a consummate monetary diplomat as Mr Volcker. "It lowers the odds of anything of a dollar-support package," said Mr David Jones, economist at

But market expectations of the summit are already low. At



best, the markets are hoping that President Reagan will rescind some of the trade sanctions against Japanese elecvousdess.

A more optimistic reading is that the dollar must be pretty resilient to weather such a shock as the imminent with-drawal of Mr Volcker. As Mr Philip Braverman of Irving Trust wrote at the end of the week, "Dollar stability is increasingly perceived worldwide as fundamental, not tem-porary." As for inflation, the price rises in commodities and precious metals have abated. even if oil prices continue to tick up in an ominous way. But last Friday's unemployment figures do not suggest an economy about to let off steam through price rises.

The increase of only 123,000 in non-farm payrolls in May shows a languishing economy, with particularly weakness in services. Retailers only took on 14,000 new employees.

THE FOLLOWING main economic statistics are due to be released this week. The median market expectations were surveyed on Friday by Money Market Services of Redwood City, California:

• The markets' main pre-occu pation is with figures for April's merchandise trade deficit, due on Friday at 8.30 am. This is expected to show little improvement over the \$13.6bn deficit in March. The median estimate from 37 analysts is for a deficit of \$13.7bn. The range is from \$11bn to \$15.5bn. • The markets will also be

watching carefully for evidence of inflationary momentum Figures on producer prices in May are due at the same time on Friday. The median estimate from 39 analysts is for an increase of 0.5 per cent, a slight decline in the rate of increase from the 0.7 per cent of April. The range of forecasts for May extends from 0.1 per cent to

Figures for retail sales in May are due on Thursday at 8.30 am. Sales are actually expected to decline, primarily because of a drop in car sales. The median estimate from 39 analysts is for a decline of 0.5 per cent after a rise of 0.1 per cent in April. The range of May estimates extends from a fall of 1.2 per cent to a rise of 0.6 per cent.

James Buchan

UK GILTS

Prospects hinge on election and summit

the most fundamental bearing on what happens to the UK Government bond market in the months ahead—one is the Venice summit and the other is the general election on Thurs-

The summit is important in so far as it sets a trend in world currencies. A further period of pronounced dollar weakness if Venice fails to inspire confidence in currency markets should hit US bonds and work in favour of gilts.

Opinion is divided on how much more money can pour into gilts from overseas after the largely foreign-led rally this ear. However, if more Japanese billions were to be disinvested from the US, fund managers would look closely at Britain.
One primary dealer reports interest in gilts, for example, at several central banks which have not invested in this market for years.

Whatever the comparative attractions of different bond markets, prospects for gilts hinge crucially on the election. Holding yields below 7 per cent has been a core belief, rarely seriously shaken, in a Conservative win. If there is no outright majority, we enter an entirely different ball game.

Assuming a Conservative vic-tory, the question of sterling holds the key in a market which is already feeling queasy about the burden placed on it by the recent policy of capping the pound through intervention which has radically changed the funding outlook since Budget time when talk was of supply

shortages. Reserves have been built up by just under £6bn in March, April and May. Strictly, the effect of this on broad money growth can only be neutralised through the sale of debt on a

The authorities have made it clear that the bulk of the intervention will be sterilised over the course of the fiscal year and the market is now plainly concerned about the funding burden. Given no further intervention and no substantial reversal in the build up in reserves over the year, this seems to lie somewhere wreck the gilt market because between £1bn and £1.5bn a of an unnecessarily rigid fundmonth, somewhat higher than the average of past years. In itself, this should not be

THIS WEEK sees two of the too frightening. The gilt market major events which could have is vastly more liquid and therefore easier to trade in than

before Big Bang Secondly, any further surge in sterling after the election would reflect extra demand for British assets. In this climate more intervention could relatively comfortably be neutral-

ised by higher debt sales. The authorities appear to be betting on only a short-lived period of overwhelming sterling strength post-election, followed by healthy two-way trade. Only if there were a period of sustained sterling strength would a policy of substantial intervention become untenable, not least because of the burden it would place on the gilt market. In this case it seems likely interest rates would have to be

On the monetary implications of the intervention, the authorities appear to be fairly relaxed thus far.

Firstly, intervention should be largely starilised. Secondly, some of the build-up in sterling deposits has been by foreigners which does not impact most measures of broad money supply. Although this cannot be completely ignored, it does not impinge so directly on

domestic monetary conditions.
Thirdly, there is evidence to uggest that a proportion of the sterling bought in recent months has been to hedge against the perceived currency risk in holding dollar assets. Used as a portfolio balance, this sterling should be willingly held for the duration of the hedge and not leak into infla-

The latter points suggest some flexibility at the margin of the full fund rule involving an element of judgment about the excess of liquidity over demand for money. Although the ground rule that the public ector should not contribute either negatively or positively. to broad money growth remains, it is conceivable that there could be some modest underfunding if this was seen to be non-inflationary and intervention was placing too great a burden on the gilt market.

As one market maker put it: ing rule?"

Janet Bush

This announcement appears as a matter of record only.



US\$150,000,000 **Term Loan Facility**

Arranged by Swiss Bank Corporation International Limited

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Banque Nationale de Paris

Crédit Lyonnais

National Westminster Bank Group

The Sumitomo Trust & Banking Company, Limited

Managers

Istituto Bançario San Paolo di Torino

The Sanwa Bank

Credit Suisse

The Mitsubishi Bank, Ltd Société Générale

Swiss Bank Corporation

The Nippon Credit Bank, Ltd.

The Sumitomo Bank, Limited

Agent Bank Swiss Bank Corporation International Limited

Swiss Bank Corporation International

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Fujitsu 3 99 20
Gibraitar Savings 71, 06, 100
Gibraitar Savings 71, 06, 100
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Arthur Smith looks at Canning's transatlantic success

UK next for home healthcare

FEW entrepreneurs, taking rapid growth pushed US debt over a traditional West Mid-lands metal-bashing company in the depths of recession, would half group borrowings and rais-tonnection to create a trans-atlaptic enterprise out of silver. connection to create a trans-atlantic enterprise out of silver refining, extracted teeth and

now claims the largest chain in the world operating from 51 locations in North America and Mexico. It has extended into the burgeoning US home healthcare sector and now plans to introduce the content to the to introduce the concept to the UK.

With minimal investment by using its dental laboratories, Medserv is developing a US network of diagnostic laboratories to serve the 40,000 vets and 17,000 animal hospitals and

clinics.

Medsery announced details this weekend of the proposed \$70m purchase of a US medical services company that would push annual turnover to around \$200m, with some 7,000 employees. Further deals are under discussion and turnover is projected to more than double to "at least \$500m" by

But the very success of the US venture has posed problems for Mr Probert. Pinancing the

Probert, a chatty and colouratlantic enterprise out of silver refining, extracted teeth and dog's urine.

For David Probert, chairman and chief executive of W. Canning, established as drysalters in Birmingham in 1785, it has contributed to the creation of one of the fastest growing medical services groups in the US.

Medserv, set up 30 months ago with the acquisition of two dental laboratories in the US, shares in the US—he deserved by another west Midlands-based group, LCP, which was acquired by motor components distribution bother operations being sold off.

The remedy he resolved—a private placing of Medserv shares in the US—he deserved by another west Midlands-based group, LCP, which was acquired by motor components distribution to the other operations being sold off.

The remedy he resolved—a private placing of Medserv shares in the US—he deserved by motor components distribution to the other operations being sold off.

other operations being sold off.

The remedy he resolved—a private placing of Medserv shares in the US—he describes as "bittersweet." Bitter, he says, because no one likes to give up full control of an enterprise they have created. "Sweet," he adds with a chuckle, "because we shall make more money for our shareholders."

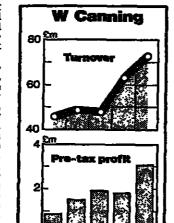
Under the deal, which is sub-

Under the deal, which is sub-Under the deal, which is subject to shareholders' approval, Canning will reduce its equity holding in Medserv from 90 per cent to 40 per cent for \$17.25m (£11.6m). The balance will be taken up by Medserv management and US-based institutional investors

investors.

The move will increase Canning's net assets from fil3m to fil9m and put £5m cash in the bank—a position from which Probert says the group can review "a shopping list as """ long as your arm."
He concedes the lower share-

holding will inevitably reduce Medserv's contribution to group profits in the current year, but argues this will be more than



compensated for in future years by the projected US earnings small price for future oppor-growth. "We are paying a tunities by this small dilution," he says.

Probert, who in the early 1980s applied drastic surgery to shut factories, shed jobs and pull out of process plants and engineering, sees future growth in areas related to the present three high-added-value core businesses: chemicals, precious metals and electronic compo-

nents.

He sees opportunities in Europe: "In France, West Germany and perhaps Spain, there are a lot of nice companies that could offer us growth."

is to see the market capitalisa-tion of Canning, currently at around £40m, more than double in real terms to around £100m; "I think then we would be a proper international business."

For the outsider to attempt to forecast the pattern of growth might be impossible on the experience of the US venture. Probert bought the dental laboratories initially because they collected waste from tenture including extracted teath tists, including extracted teeth with silver and gold fillings suitable as raw material for John Betts, the Birmingham precious metals refiner.

The logic of the network of veterinary laboratories is that the same vehicles can collect animal blood, urine and other samples for diagnosis.

Dennis Sokol, the larger than life chief executive who with Probert has built up the Medserv business points out there are 100m cats and dogs in the US contributing to a \$10bn a year business.

But it is the fast growth homecare business, which in the US grew, last year alone, from \$5hn to \$8hn, that he wants to bring to Britain. With people being discharged from hospital sooper Medsery pronospital sooper measery pro-vides the full range of medical equipment from intravenous drips to crutches and wheel-chairs.

Sokol says he may seek a UK partner but aims to be in business in this country before the end of the year.

Heavitree lifts profits by 13%

(£10,000 profit).

The interim dividend is raised from 2p to 2.4p; last year's total payment was 11p.

St Ives moves into packaging

St Ives, the book and magazine printing group, has fed its acquisition appetite again with the purchase of the packaging division of the Coloroll Group for £5.6m.

Coloroll Packaging manufac-tures and distributes some 160m plastic packaging bags annually for the retail industry. Profits attributable to the packaging division in the year to the end of March reached £685,000 on a turnover of £3.96m.

St Ives will be buying assets with a book value of £1.5m at the end of March. along with patents, licences and contracts. The acquisition is St Ives first step out of the book and maga-zine printing business, and Mr

Robert Gavron, chairman, said the group hoped to develop a significant packaging division. The purchase is to be satisfied in cash, with funds raised by the issue of 782,191 new ordinary shares which N. M. Rothschild has placed at 730p. St Ives shares closed at 765p, up 15p, on Friday.

Delmar

PBPB BT Beer Birn

An extraordinary surplus of disposal of properties of £86,000 has helped Delmar Group to lift its attributable profit from £340,000 to £454,000 in the year

J. Jarvis, the building group, has rejected the £7.5m cash bid from Brookville Securities, describing it as "inadequate and wholly unacceptable." ended March 31, 1987. Turnover of the group, a rubber and plastics fabricator and extruder, rose 7.5 per cent to £5.5m (£5.13m) while the profit improved by just over 3 per cent to £585,000 (£566,000). it took its shareholding to 32.76 Earnings came to 5.21p per cent, thereby triggering a clause in the Takeover Code (4.31p) after tax of £217,000 (£226,000). The dividend is raised from 2p to 2.15p net. requiring it to make a full offer.
The company was formed by
Mr Harvey Bard, a London property investor, who tried and

LENDU HOLDINGS rubber production and investment) lifted earnings to 2.19p for 1986 0.15p) and raising dividend to 1.3p net 0.75p).

Merlin International in £38m cash call

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Merlin International Proper called to approve the rights. ties is seeking to raise £37.8m by a rights issue of 6m ordin-

by a rights issue of 6m ordinary shares and 30m convertible preference shares.

The finance raised will be used to fund a link-up, announced last month, with companies in Australia, the US and the UK and to provide funds for the development of speciality shopping centres.

The shares will be offered in parcels, each one made up of one ordinary share and five convertibles, Merlin said. Two parcels will be offered for evry five existing ordinary shares.

Each parcel is worth 630p, made up 0—f 130p for the one ordinary and 100p each for the convertibles.

The Merlin directors and one

The Merlin directors and one

other shareholder are not tak-ing up their entitlement of 3m parcels. but Citicorp Invest-ment Bank, which has under-written the issue, has placed the shares with institutions.

Merlin shares were suspended just before the link-up announcement at 225p, but it is hoped that trading will ersume on June 30, the day after an company extraordinary general meeting control.

Brookville launched its £7.50

per share bid on Thursday after

failed to join the Jarvis board

Mr David Beety, chairman of

Jarvis, says "this is the latest

J. Jarvis rejects offer

The convertible preference shares carry a dividend of 11.25 per cent. They can be converted into ordinaries between 1992 and 2002 at the rate of one or-dinary for every 156p in nom-inal amount of the convertibles.

Merlin is linking with the Hayson Group of Australia and Enterprise Dovelopment Cominvolved in speciality shopping projects. It is also buying projects. It is also buying projects. It is also buying Abbeygate, a private UK developer, whose founder, Mr Peter Jevans, becomes the Merlin chief executive.

British Aerospace

British Aerospace has again warned that foreign ownership of its shares, at 14.84 per cent on June 3, was approaching the on June 2, was approximately trigger point of 15 per cent, after which holders of excess foreign-held shares are required to dispose of them

BAe's articles of association limit foreign ownership to 15 per cent in order to keep the company under domestic

in a number of attempts by Mr Bard of Brookville to become

The 1986 results of Bristol stadium have received a boost from the completion of the Tesco store project, which has led to an extraordinary credit of £1.58m.

with £41,000 a year earlier. The dividend is lifted from 1.2p to 1.4p net per share.

actively involved with Jarvis. The proposal fails to take account of our excellent prospects."

Mr Bard says he is disappointed but will proceed with the bid. Jarvis is being advised by Kleinwort Benson and Brookville by PK English Trust.

1.4p net per share.

Turnover for 1986 amounted to £1.69m, up from £1.50m.

Profit was £137,000 (£118,000), backed up by related companies £86,000 (loss £10,000). Tax charge was £130,000 (£67,000).

GT Global net

assets up 22% G.T. Global Recovery Investment Trust's net asset value at March 31 1987 was 22.2 per cent up at 227.9p (186.5p) on a year before and 28 per cent higher than at September 30

Total income was down slightly from £1.27m to £1.24m but a sharp fall in interest payable, £102,000 down at £376,000, was largely reflected in a rise from £465,000 to £505,000 in profits before tax.

Taxation took £164,790 (£147,066) leaving earnings per share of 3.4p (\$.18p) for the dividend, increased from 2.5p to 3p with a recommended final of 2.25p.

Automotive

Business Machines

Lucas completes US aerospace purchase

Lucas Industries, the automotive, aerospace and industrial components group, has had com-pleted the acquisition for \$88.5m cash of Western Gear, the aerospace subsidiary of the Wiscon-sin-based Becor Western.

The purchase price was more than the initially anticipated \$79.5m, reflecting the value of Western Gear net assets (\$83.8m) at the end of

March Dr Alan Watkins, managing director of Lucas Aerospace, said: "This acquisition is the most significant step so far in Lucas Aerospace's international

development in the US and Europe, and is the culmination of 2 years' activity which will see the company almost double in size." Western Gear manufactures

actuation systems, auxiliary gearboxes, helicopter transmissions, weapon rails, stores ejector units, cargo systems and electric motors, with the first quarter of 1987 showing sales of \$45.5m and pre-tax profits

> The acquisition takes Lucas' total aerospace sales by US operations to over \$260m.

Heavitree Brewery reported a 13 per cent increase in pre-tax profits for the half year to April 30 1987, from £392,000 to £442,000.

The results reflect a slight improvement in margins—pre-tax to turnover—from 17.3 to 18.5 per cent for turnover was up by £135,000 over the cor-responding period of the preresponding period of the pre-vious year to £2.4m (£2.28m)
The trading loss of a sub-sidiary was £16,000 (£1,000 profit) and the share of loss of associated company was £1,000

and Distribution

PENDING DIVIDENDS

in October.

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus *) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed

nnouncement las	st year."		
Date	Announce- ment last year	Date *Johnson	Announce- ment lest year
ColloidsJune 10		MettheyJune 18 19 June 19 مالك Undon Inti	Final 2.0 Finel 3.1
internetniJune 8 19 groupJune 24 19 june 25	Final 5.1	*Metal BoxJune 9 *Meyer IndJune 16 *Northern	Final 12.9 Final 3.8
June 18 chamJune 17		FoodsJune 16 PilkingtonJune 10 Placel	Final 3.75 Final 8.5
nid <i>Qualcestluly 1</i> ish GasJune 17 ish LendJune 18	Interim 1.25 Final due Final 2.0	ElectronicsJune 23 *Reed IntlJune 3 Rothmens Intl June 24	Final 2.268 Final 16.0 Final 4.5
ele and WirelessJune 25 rter CnsJune 25	Final 6.0 Final 7.75	Rothschild (J.)/uly 1 Scot and Newcatt BroweriesJuly 1	Final 12.8
liteJune 2 ly Mail and Gent TatJuly 10	Final 5.5 Interim 16.0	*SketchleyJune 2 *StorehouseJune 2 *TSBJune 25	Final 12.8 Final 5.7
La RueJune 3 antiJuly 1 at Portland	Final 24.75 Final 1.15	Thom EMtJuly 10 Trusthouse ForteJuly 1	Final 12.5
EstatesJune 10 yeoatJune 25	Final 4.6 Final 1.25	*UnigateJune 9	Final 6.25
raasa Juan 18	Interim 9 94	* Roam magrice Intima	HAM T DIAM'S

losses cut

William

Morris

William Morris Fine Arts, sculpture castings and wall-paper manufacturer, substan-tially reduced its losses in 1986 from £2.74m to £773,000, on a turnover down from £11.44m to £8.04m.

and the second second

The directors said four new ranges of wallpaper had been well received and sales of the two ranges already on the market had considerably exceeded expectations. The company anticipated that these new ranges, coupled with the traditional product would give profitable volumes over the remaining months of the year. Sale of the Morris Singer Foundry to Gamlestaden, a private Swedish bank, for up to £1.5m cash has been agreed, subject to shareholders' approval. It was hoped that this, coupled with the efficient operations of the wallpaper operations of the wallpaper division and aggressive efforts to increase sales volume, would enable the group to once again establish itself on a profitable

The loss per share last year worked out at 2.42p (7.88p).

Bristol

That meant the profit available came to £1.67m, compared

SPONSORED SECURITIES

,	0110011000.			~ -		_	
Capitalisati	f.		Change				
£000°s	Company	Price	on week) %	P/E	
5,422	Ass. Brit. Ind. Ordinary	160	_	7.3	4.6	9.8	
l –	Ass. Brit. Ind. CULS	163	_	10.0	6.1	_	
900	Armitage and Rhodes	36	_	4.2	11.7	5.0	
5,293	BBB Design Group (USM)	76	<u>.</u>	1.4	1.8	18.1	
78,117	Bardon Hill	243	+5	4.6	1.9	27.6	
8,548	Bray Technologies	155	_	4.7	3.0	12.4	
587	CCL Group Ordinary	162x	d +14	11.5	7.1	4.2	
1,453	CCL Group 11pc Canv. Pref	117	+11	15.7	13.4	_	
17,315	Carbornadum Ordinary	144x	đ¢ +2	5.4	3.6	12.5	
668	Carborundum 7.5pc Pref	94	_	10.7	11.4	_	
1,845	George Biair	100	_	3.7	3.7	2.6	
9,659	Isia Group	120		18.3	_	_	
6,874	Jackson Group	132	+3	6.8	5.2	7.3	
53,231	James Surrough	380	+7	18.2	4.8	B.6	•
3,327	James Burrough Spc Pref.,	95	+1	12.9	t3.6	NA	
41,328	Multihouse NY (AmstSE)	530x	d	_	. —	21.0	
9,729	Record Ridgway Ordinary	423	+3	_	_	8.5	
2,322	Record Ridgway 10pc Pref	86		14.1	16.4	_	
816	Robert Jenkins	60	_		_	3.5	
4,590	Scruttons	102	+4		· <u>-</u>	_	
4,076	Torday and Carlisle	167x	d +5	6.6	4.0	21.3	
1,632	Trevian Holdings	360	+15	7.9	2.2	7.5	
21.000	Uniteck Holdings (SE)	106	+2	2.8	2.7	19.3	
40,703	Walter Alexander	157	+7	6.0	3.2	16.0	
# EE1	IN C Vanton	50E-		47.4	- 0	40 =	

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FIN	ANC					NDICES
June	June	June	June	June	May	1987

	June	June	June	June	June	May	1987		Since Compilation	
		<u> </u>		<u> </u>	, 1	29	High	LOW	High	Low
Government Secs	92.15	91.61	92.86	92,47	92.49	92.43	93.32	84.49	127.4	
Fixed Interest	99.01	98.24	98.21	98.33	97.99	98.06	98.54	90,23	150.4	50.53
Ordinary	1729.9	1724.6	1739.6	1724.3	1730.7	1712.1	1739.6	1320.2	1739.6	
Gold Mines	398.3	389,0	389.7	380.2	378.6	388.6	485.D	288.2	734.7	77.7
FY-Act All Share	1109.93	1103.11	1111.82	1106.63	1108.80	1097.29	111.820	835,48	111.820	
FT-SE 100	2228.6							1674.5		

GULF CO-DPERATION COUNCIL MONDAY, JUNE 8 1987



A NEW STYLE FOR

A new corporate strategic plan was developed and implemented during 1986 which sets clearly defined objectives for the Group, based on a reduction in activities from about thirty to ten core businesses.

There have been major changes in our organisation structure and the management team has been strengthened significantly.

We are developing a new style of management for Inchcape, based on high standards of performance. Through this, and our new strategy, the Group is rapidly becoming a modern international services and marketing organisation.

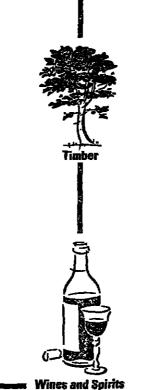
> George Turnbull Chairman and Chief Executive

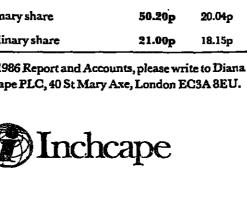
1986 FINANCIAL HIGHLIGHTS

986 900 2	1985 £000
86,081	46,232
42,578	17,294
50.20p	20.04p
21.00p	18.15p
	\$6,081 42,578 50.20p

For a copy of our 1986 Report and Accounts, please write to Diana Le Lièvre, Inchcape PLC, 40 St Mary Axe, London EC3A 8EU.







UK COMPANY NEWS

James Buxton on the surgery being applied to Lilley

A tough bedside manner

LAST OCTOBER a drive by technical difficulties on a F. J. C. Lilley; the Glasgow-number of contracts, some of based construction company, to which it had underbid in the diversify into overseas construction markets came to a 1984. On one of them, a tunnel-juddering halt. In a few days of lost \$15m.

These problems might have been avoided or contained had the suspension of share dealings, and then disclosed a lost or obtaining information and fmore than \$24m for the six exercising control which Mr of more than £24m for the six months to July 1986.

13 creditor banks extended credit lines to Lilley only un-til December in order to force the services of a company doctor.

Shortly before Christman As it was, he says, the members of the Lilley board were "the last to know" what was going on as the crisis built up last summer. They had previously been comforted by pre-

Shortly before Christmas, following an initial approach by the Bank of England, Mr Son Says, existed only on paper by the Bank of England, Mr Lewis Robertson, a 64-year-old Scot, took over as chairman and brought in a new chief executive, Mr Joe Barber. The former chairman, Mr Campbell White resigned and the previous chief executive, Mr Douglas Neill, retired.

Mr Robertson is almost a professional company doctor. An accountant by training since he retired in 1981 from being the first chief executive of the Scotrish Development Agency he has led the rescues of both the engineering group Triplex and the meat processing company Borthwick. The term company doctor suits him well.

Mr Robertson is currently applying drestic surgery to Lilley. The company began seeking large overseas contracts in the mid-1970s, believing that it was too dependent on UK public sector work.

After experiencing a little of

the construction boom in the Middle East it decided in the early 1989s to enter the US market, buying 80 per cent of Har-rison Western, a Denver-based company specialising in shaft sinking and tunnelling. It also acquired J. W. Cowper, a build-ing company based in Buffalo. Lilley envisaged Harrison Western growing to match in size the UK activities of Lilley, and Mr Allan Provost, the US company's chairman and chief stantial commitments of finance from the parent company. In the year to January 1987 the US accounted for £106m out of total

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Harrison Western, however, became the major source of Lilley's problems. It ran into

exercising control which Mr Robertson thinks should be At that point the company's normal for a company with overseas subsidiaries.

> son says, existed only on paper and never flowed into the parent company's bank account. In his annual report to share-holders, Mr Robertson refers to the 1985-86 profits as "re-

The treatment for Lilley is now well underway. Messrs Robertson and Barber have been joined by Mr James Armstrong as finance director; he was previously finance director of HAT Group where he had experience of extracting the company from a disastrous property investment in the US. The new Lilley team's first step was to begin to reduce the company's debt — which reached a peak of £57m last year—by seiling off UK sub-sidiaries in peripheral activities such as quarrying and plant hire. Net borrowing was down £32m by the beginning of

The new management decided to concentrate what it believes to be all the shocks for shareholders, bankers and issuers of performance bonds into one heavy blow.

Whereas the previous management stated, when the company's share quotation was resumed last October, that the first-half loss of £24.48m would be the limit of the red ink and that the company would return to profit in the second half, Lilley last month announced a loss of £50.4m. Before exceptional items the loss came to £10.72m (with overseas losses of £13.5m, mainly from the US, being offset by profits on UK

On top of that Lilley decided to write off £24.6m in the US and pull out of a contract to



Mr Lewis Robertson, chair-man of Lilley

build barracks in Algeria, at a cost of film, rather than risk further losses. Provision for bad debts and bank refinancing charges took another £4.4m and there was no dividend.

The next stage is to dispose of its US interests. J. W. Cowper is up for sale and arrangements are being made to put Harrison Western on the market. Lilley values its assets in the US at about \$35m. If these sales could be successfully completed this year it might be compacted this year it might be possible, along with the gradual reduction of debt through cash flow, to get borrowing down to about £10m.

about £10m.

At that point Lilley might met from about 65p to 24p last ask its shareholders to subscribe to a rights issue. They 47p where they now stand, are have seen their funds reduced likely to agree.

Scapa's agreed bid for from £59m to £18m in the past year with the wiping out of the company's reserves, though Rotunda on Wednesday they are to be asked to approve the cancella-

tion of a £14.8m share premium account to offset the accumu-

lated deficit of £18.06m on the profit and loss account.

Robertson hopes to do.

Scapa, the industrial holdings group, has agreed a £14.2m offer for Rotunda, the manufacturer of specialist adhesive

That would mean that the Scapa is offering 196p cash for each Rotunda ordinary share. On Friday Rotunda company only has to achieve relatively small pre-tax profits shares closed 44p up at 190p, while Scapa gained 6p to 290p. this year to resume paying a dividend, which is what Mr Mr Ray Goodall, Scapa chair man, said that Rotunda's activities would complement Scapa's industrial textile He and Mr Barber believe these measures -- coupled with Scapa's industrial textile business, creating a division an eventual withdrawal from other foreign operations in Hong Kong and Egypt when with combined turnover of contracts are completed - will £16-17m.

leave Lilley with a balance sheet strong enough to support Rotunda's taxable profits for 1986 were £1.01m on turnover of £11.3m, ahead of the £875,000 the company in its eventual form: that of a construction forecast when the company was floated on the USM in March

company operating only in the UK, last year.

Mr Goodall said the acquisi-It will consist of Lilley's four man UK subsidiaries, Lilley Construction, Melville Dundas and Whitson, Robison and tion would reduce the share of Scapa's profits derived from the US to 50 per cent, rather than the 58 per cent when interim profits of £29.2m were Davidson, and Eden Construc-tion: all well regarded comprofits of £29.2m announced last December. panies operating in England and Scotland, currently per-

forming satisfactorily with total turnover amounting to about FT Share Information Both Mr Robertson and Mr The following securities have Barber agree that this may be an unglamorous prospect. But neen added to the Share Information Service: Burford they think Lilley is too small to operate on the far-flung scale (Section; Property) Cooper (A.) Hidgs. Industrials) Filofax of the past, and they question whether much glamour attaches (Paper. Printing) Ventures Warrants (Investment to the kind of losses it was making. Shareholders, who saw Perpetual Land) Trusts) Finance (Hidgs) Waste (Ord) (Textiles) Waste Management (Americans) Wickes 5i per cent Sub Cnv Uns Ln (Drapery and This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange, it does not constitute an invitation to the public to subscribe for or purchase any securities.

NOBLE AND LUND p.l.c.

(Registered in England No. 62245)

RIGHTS ISSUE

of 3.863.500 8 per cent. Convertible Cumulative Redeemable Preference Shares of £1 each at par ("Convertible Preference Shares")

This advertisement appears in connection with the rights issue of 3,863,500 Convertible Preference Shares in the Company which are offered to Ordinary shareholders on the register at the close of business on 29th May, 1987 on the basis of 1 Convertible Preference Share for every 2 Ordinary shares of 10p each then held. The Council of The Stock Exchange has admitted the Convertible Preference Shares to the Official List. Dealings commence on 8th June, 1987.

Details of the listing particulars relating to the Company and the Convertible Preference Shares required by The Financial Services Act 1986 are available in the Extel Statistical Services. Copies of the circular to shareholders containing the listing particulars may be obtained during normal business hours on any weekday, Saturdays and public holidays excepted, up to and including 26th June, 1987 from:

Noble and Lund p.l.c. Northern Machine, Tool Works, Felling, Gateshead, Tyne and Wear, NE10 OLL

Gilbert Eliott & Company, Salisbury House, London Wall. London EC2M 5SB

and, until 12th June, 1987 only, from: Companies Announcement Office, The Stock Exchange,

Throgmorton Street,

London EC2P 2BT

8th June, 1987

for the future



We're laying the foundations

BOARD MEETINGS

Interime: Durban Roodepoort Deep, East Rand Proprietary Mines.

FUTURE DATES

Algemene Bank Nederland N.V. (Incomparied in the Netherlands with limited liability)

Rights Issue 15,000,000 Convertible Preference Shares of FL10 each at Fl.48 per share

As already announced Algemene Bank Nederland N.V. is offering 3 new Convertible Preference Shares of FI.10 nominal value for every 2 Ordinary Shares of FI.100 nominal value already held. Holders of dividend coupons numbered 74 who wish to take up all or any of their rights should apply to:

> Baring Brothers & Co., Limited Securities Department, Second Floor, 3 Bishopsgate, London EC2N 4AE. Bank Ner on EC2P2HH

mingham B25TL

for copies of the prospectus and application form. Application for the new Convertible Preference Shares should be made not later than 3 p.m. on Friday, 26th June. 1987, by lodgement of the completed form at any of the addresses mentioned above, payment being made in accordance with the instructions contained in the prospectus. The new Convertible Preference Shares will only be listed on the Amsterdam Stock Exchange. Dealings in nil paid rights are expected to commence on Tuesday, 9th June, 1987.

> The Seiyu, Ltd. (Kabushiki Kaisha Seiyu)

U.S.\$50,000,000

Guaranteed Floating Rate Notes 1988

For the six months 9th June, 1987 to 9th December, 1987

In accordance with the Provisions of the Terms and Conditions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 7% per cent per annum, and that the interest psyable on the relevant interest psyment date, 9th December, 1987 against coupon No. 8 will be US\$ 1985.68.

There is another important event on June 11th: the Annual General Meeting of George Wimpey PLC.

So, as the country decides its direction for the future, we'll be pointing out ours.

With the business leaner, fitter and increasingly profitable, we are poised for expansion and development on a worldwide scale.

The pattern is already established.

We've consolidated the core businesses and reshaped them into divisions that share common

resources, common goals. And the results are already there to be seen:

Pre-tax Profits: Earnings Per Share: +42 percent to £66.5m

Dividends:

+23 percent to 18.35p +27 percent to 4.75p

The full story is in our Annual Report. For a copy, fill in the coupon and send it to Angus Miller, Corporate Relations Dept, George Wimpey PLC, Hammersmith Grove, London W6 7EN.

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WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		FRI	RIDAY JUNE 5 1987			THURSDAY JUNE 4 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterfing Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	133.34 87.70 115.82 126.42 117.93 108.87 90.76 116.66 128.69 99.18 154.34 172.21 205.25 115.80 139.17 144.43 157.77	+04 +01 +02 +03 +03 +13 +03 +14 +03 +14 +01 +04 +12 +04 +12 +04 +12 +04 +12 +04 +12 +04 +12 +04 +04 +04 +04 +04 +04 +04 +04 +04 +04	121.20 79.72 105.28 114.92 107.20 98.96 82.50 106.04 116.98 90.16 140.29 136.54 136.57 125.51 131.29 143.41 1102.54	124.03 82.51 107.54 122.99 109.47 103.57 85.57 116.92 140.29 145.56 288.02 107.98 86.88 126.99 140.55 116.93 108.02	3.15 2.27 4.42 2.42 2.51 2.65 2.17 2.88 3.53 1.85 0.76 4.09 3.07 1.98 1.73 3.35 3.77 2.29	132.81 87.57 114.41 126.70 117.67 109.53 91.08 115.73 98.58 154.81 172.55 202.32 115.73 93.54 139.97 142.90 113.60 113.60	121.24 77.95 104.45 115.66 107.63 99.99 83.15 105.16 116.15 90.00 141.32 157.53 184.70 105.65 85.40 127.78 140.50 140.50	123.62 62.61 106.53 109.47 104.42 86.11 115.45 121.75 96.96 141.15 166.09 281.48 102.26 86.13 127.81 117.04 108.95 105.39	140,95 101,662 123,62 136,17 124,10 121,82 100,33 116,66 131,86 112,11 161,28 172,55 205,25 120,14 100,59 139,97 144,43 186,74 121,31 124,68	99.92 85.94 96.19 100.00 98.18 98.39 84.09 97.50 97.50 97.50 97.50 100.00 100.00 100.00 100.00 90.85	91.10 81.92 98.75 98.75 98.65 97.58 81.60 82.85 87.01 49.52 89.45 68.30 97.11 76.54 89.51 89.51
Sweden (33) Switzerland (51) United Kingdom (337) USA (596)	112.59 93.42 144.91 120.26	+0.2 +0.3 +1.1 -0.4	84.92 131.72 109.32	87.05 131.72 120.26	1.97 3.20 3.00	93.12 143.37 120.78	85.01 130.88 110.26	86.97 130.88 120.78	104.06 148.66 124.06	92.53 99.65 100.00	81.83 97.92 102.63
Europe (930) Pacific Basin (687) Euro – Pacific (1617) North America (725) World Ex. US (1821) World Ex. UK (2060) World Ex. So. Af. (2356)	138.38 129.95 131.11	+0.5 -0.2 +0.0 -0.4 +0.0 -0.3 -0.2 +0.0	107.36 138.28 125.95 109.62 125.78 118.13 119.18 109.38	109.86 138.77 127.24 120.43 130.05 124.00 124.75 116.93	2.89 0.62 1.40 2.97 1.45 1.87 2.00 2.94	152.48 138.54 121.09 138.33 130.29 131.31 120.37	139.20 126.48 110.54 126.28 118.95 119.88 109.88	139.51 127.62 120.92 130.13 124.56 125.18 117.12	158.30 143.22 124.60 143.09 133.33 133.85 121.81	100.00 100.00 100.00 100.00 100.00 100.00	77.29 81.81 102.42 82.33 89.57 90.36 96.60
World Ex. Japan (1959)	131.29	-0.1	119.34	124.72	201	131.46	120.01	125.14	134.11	100.00	90.28

Base values: Dec 31, 1986 = 100

Coblider the territory tenest moreovery and	
Latest prices unavailable for this edition. CONSTITUENT CHANGE: River and Mercantili	e Trust has been deleted (United Kingdom).

		Ār	g 87	No	w 87	Fe	a) \$8	1
Seri	es	Voi.	Last	Vol.			Last	Stock
OLD C OLD C OLD C OLD C	\$440 \$460 \$480 \$500 \$400	200 140 39 309 22 101	29.50 18.60 11.50A 7 150 18.50	7 12 9 30	43 33 22.50 15.80	18151	42 26	\$454.60
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			p 87	De	c 87	M	≱r 88	
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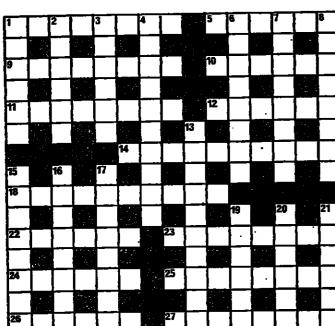
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TOTAL VOLUME IN CONTRACTS: 21,369

C=CaH B=Bid

FT CROSSWORD PUZZLE No. 6,346

TANTALUS



- ACROSS

 1 Monkey sees chap with tool
 (8)
 5 Edinburgh graduate's talisman? (6)
 9 Set off for appointment entertaining school (8)
 10 Number one seaman retires with allotment (8)
 11 NCO agrees to distribute set of books (8)
 12 Master organised division of pupils (6)
 14 Scholar returns with answer to get remission (10)
 18 Possibly it's true lad can make a chirping noise (10)
 12 Charon repaired device for retaining ship (6)
 22 Personal assistant learnt somehow to be fatherly (8)
 24 American state detailed a South Asian native (6)
 25 Almost begin with fish but have bird (8)
 26 One-time RAF officer working on a farm? (6)

 1 Strange shape amused one of the Gorgons (6)
 2 Second before this becomes an ingrained habit! (5)
 5 Foreigner loses good man—a park officer (6)
 4 By the sound of it, there's news of a vessel (6, 4)
 6 A tin so made for a plant (8)
 7 Cartier and I changed standards (8)
 8 Agreement to a party? Just the opposite (10)
 15 Try first to read Lamb for instance (8)
 16 Went before—before yield reached 500 (8)
 17 Recommend one who defends a cause (8)
 18 Ambassador has a right to start second suit (6)
 19 In a moment I reckon to get total (6)
 20 In a moment I reckon to get total (6)
 21 An affront, but it's trifling (6)

have bird (8)

26 One-time RAF officer working on a farm? (6)

27 In favour of half glasses providing a wide view (8)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

RASE LENDING RATES

	HOL		\mathbf{u}	~ I = 9	
	<u> </u>		%		%
ABit Bark	9	● Charteriouse Bank	9	Hat St. of Kompit	9
Adam & Company		Citizant NA	9	MarWestnikster	9
Affeet Arab &k Ltd	ġ	City Merchants Bank	9	Northern Bask Ltd	9
Affied Doubar & Co		Chydesdale Basik	9	Herwich Gest. Trest	9
Affied Irish Bank	9	Comma. Blu. N., East	9	PK Resert. (ef) (VIC)	
American Exp. Bk	9	Constitutated Cred	9	Productal Track Ltd	
Appro Bank	g	Co-operative Bank	#9	8. Raphael & Sust	
Heav Asslants	9	Cypres Propular &	9	Roxburghe G'rantee	
ANZ Banking Group		Descar Laveré	9	Royal Bit of Sentland	
Associates Cap Corp		Equat'r'i TsiC'ppic	9	Royal Trest Bask	9
Authority & Co Ltd	9	Exeter Trast Ltd	942	Seeth & Willeson Sess	9
Banco de Bilbao	9	Financial & Gen. Sec	9	Standard Charteret	9
Bank Rappalina	9	First Nat. Fig. Corp	10	Trester Savings Brik	
Bank Legari (UIC)		First Mal. Sec. Ltd	10	UDT Morigage Exp	
Bank Credit & Commi		 Robert Flessing & Co 	9	Asses he to comment	
Bank of Cyons	_	Robert Fraser & Ptrs	. 10	United Microbi Back	9
Bank of Instant	9	Girdank	9	Upity Trast PLC	9
Bank of Jedia	ġ	Grindlags Bank	. ‡9	1400	9
Bask of Scotland		e Galarias Malton	. 9	التألف بالمحطرات	92
Bauerne Belge Ltd		HFC Trest & Savings	. 9	Yorkstare Basik	9
Barcians Bank		e Handro Bank	. 9		
Reachmark Tst Ltd		Heritable & Gen. Tst	. 9	 Members of the 	
Repelicial Trust Ltd		● HTG Showed	. 🤧	Houses Committee. deposits 4%. Savewise	±7-6
Berlann Bark AG		C. Houre & Co.	. 9	Too Tier-62,500+ at 3	3 mouth
8 ok 18 of 18 of East	9	Hangkang & Stangh	. 9		ᆅᄬ
Brown Shipley	9	Liegets Speak	. 9	£10,000+ remains (± Call deposits £1,000	deposite
Basiness Matter Tst	9	Neglaral & Sous List	. 9	45% gross, ¶ Mortgage	
CL Bank Nederland	9	Midlard Bark		4 Demand deposit	
Casada Personand	9	● Horges Greatel	. 9	Mortgage 11.25%.	
Carper List	9	C Mat Credit Corp. Ltd	. 9		
			41.3	CCLIEC	
	ND(UVE:13013	N I I	ISSUES	

EQUITIES

			_			_		_	ı		
lesne	Arment Paid	Latest Genera	19	87	Stock	Closing Price	+ ==			Gress Yield	
Price		Date	Hiigh	Low			1 1				
			177	155	R.D.A. Hides, 10o.	166		125	3.70	21	18.2
茲	F.P.	=	112	90	Barrett (Heavy) 10p	m	-1	R2.81	22	35	17.6
ङ्गा द्वा	F.F.	306	107	96	& Booded Laminates 10p	105		124	24		18.4
416	F.P.	25	ī72	D33	Brooks Service Group	162	-1	L3.8	22		17.8
5115 F#	F.P.	==	440	400	Cater Gross 50p	423		132.0	26		13A
136	F.P.	85	135	128	Cambridge Instru. 5p	130	+1	R0.7	8.8		14.8
鑫	FP.	126	98	68	#Cambridge Isotope	84	-1	R20.9	-	94.0	
លីន	F.P.	47	242	230	Chemny Intl	240		L4.9	2.7	28	16.9
` _	F.P.	_	15	10	California	15 175				= 1	
9125	F.P.	i —	1385	145	*Colorgraphic 10p	175		13.0	28	23	20.3
770	F.P.	107	296	278	Computer People 5p	290		#3.6	32	17	25.4
1230 	F.P.	_	330	280	Contibet 50p	282	-1	48.0	16	3.9	21.3
456	F.P.	I —	F 82	78	1-de Morgan Sp	78		R1.0	43	1.7	183
şi35	FP.	295	1.80	h38 '	Doeflex 10p	176	+1	13.45	250	2.7	20.3
976	F.P.	196	99	76	+GC Floor & Furn's	86		11.95	28	3,15	158
617G	F.P.		1198	188	HambrosAdv.TechTst	196		142	2.4	4.6	21
6120	F.P.	295	127	120	eMarch Group 50	122					
5120 5130	F.P.	I —	270	163	Meatronics 5p	170		RLS	42	2.4	225
_	l F.P.	l —	120	80	Oriflametol Warrastol	120			31	18	_ 243
125 483 55 11	F.P.	1 —	120 190	180	Platerials	186		R2.5	121	مدا	دجم
483	F.P.	1 -	97	88	Practical lovs	9612	-3	I -==	I == '	29	17.6
85	F.P.	36	105	64	#RKF Group 10p	102	ļ - 3	=219	24		
11	F.P.	l —	99	94	Rher&MarcCap121 ₂ p	-98		H5.67	Ι=	7.8	=
44	F.P.	! —	203	100	Do. loc. 12120	100 23		M2701			=
11	F.P.	} —	23	18 98	Do. Wts. 1212			H4.20	Ι=	5.7	ΙΞ.
11	F.P.	1 -	102] 98	Do. Stepped Pri 12129 .	1017		W4.99	27	31	135
170	85	23/9	154	1262	Rolls-Royce 20p	139	+3		뙲	끊	錽
9125 9125	F.P.	J	238 185 100	163	4Select Apple 50	230	-2 .	12.5 #3.0	24	ᆵ	岩
\$125	F.P.	196	185	155	4Sharp & Law 10p	185	+16	87.6	氮	22	172
692	F.P.	1 -	100	96	4\$horablas 50	98	+1	1 225	2	254	
11 125	F.P.	1 -	155	135	Smith Doctors Sp	135	-5	R1.35	3.8	72	49.3
125	F.P.	15/7	265 165	224	#Sock Shop Intl.Sp	255 158 83		12.5	28	22	22.2
<u> 5125</u>	F.P.	26	P62	158	#ICL Group 50	128		1 465	3.70	156	22.3 9.5
- a A	₹ F.P.	1 —	85	70	Und. Plants, Africa RO.5	1 55]	Q7.5c	13,70	28	133

	F	- þ 76	166	Website	(Barry)luti.5p	·167		R4.0	29	3.3	118	
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Price £	up .	Date	High	Low		-				3	_	
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Issee Price	Amount Paid	Latest		1987		Stock			Clas	œ	+ 01	

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KIG	<u>и 19.</u>	UI	FER	-		I	
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			and of the Sec	e desileo	free of stamp duty. a Assualised divides	L & Figur	<u>اوون</u> ک

Resunctation date smally last day for dealing free of starup date, a Annualised divide on prospectus estimates, of Dividend rate paid or pagable on part of capital, cower base, capital, § Assumed dividend and yield. A Assumed dividend and yield a Assumed dividend and yield after sorth base of the prospectus or other official estimates for 1967. H Dividend and Yield based on prospectus or other official estimated annualised dividend, cover and ple to other official estimated dividend, cover and ple traito based on prospectus or off W Pro Forma Figures : Indicated dividend; cover relates to provious dividend; ple annual summings, of Forecast, and annual summings, of Forecast, or estimated annualised dividend rate, cover based on presented to the prospectus of the prospectus of capitalisation. § Placing price, § Reinfroduced, Y I saud in consection with recording to the prospectus of the prospectus of

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(0793) 28291. Quantity (0723) 610300 Bulunced Treats	Capel (James) Mingt. Ltd PO Box 551, 6, Berts Marks, ECSA 01.621.0011	Japan & Gen Fd	For Microwart Benson Unit Messagers see Corrington May to Co. List LAS Unit Trust Managers Ltd.
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PERSONAL STREET

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Trade fairs and exhibitions: UK

tects Exhibitions (01-749 9535) Kensington Exhibition Centre

Electronic Publishing Exhibition and Conference (01-868 4466) Weabley

July 3-5 Money Show (0895 58431) University of Leeds

Royal Agricultural Show (0203 555100) Renilworth

555100) July 10-19 World Wine Fair (01-729 0677) Rristol

International Integration of Western and Chinese Medical Technology and Pharmacology Exhibition (01-486 1951)

British Products and Services

The Strategic Planning Society:

Recent research results—the competitiveness of British Multi-nationals (01.235 0246)

15 Belgrave Square, SW1

July 2-3 Financial Times Conferences

Oil and gas reappraised (01-621

London Chamber of Commerce:

Turkey in pre-election year (01-248 4444)

July 7-9
City Financial: Insurance information exchange — UK-general markets (01.242 5275)

perspectives for change (01-621

Hotel Inter-Continental, WI

Hotel Inter-Continental, W1

69, Cannon Street, EC4

Heriot Watt Univensity

Edinburgh

Currently
Fine Art & Antiques Fair (01386 1200) (until June 14)
Olympia

Kensington
June 23-25
Software Engineering Tools Exhibition and Conference (01-868
Wembley June 16-11
National Joint Utilities Group
Exhibition and Conference
(0923 778311)
NEC, Birmingham 4466) Wembler
June 27-28
Craft Fair (01-940 4608)
Sandown Exhibition Centre

June 10-20 Grosvenor House Antiques Fair (0799-26699) Grosvenor House

June 16 Building Maintenance Refurbishment Expo (0474-874089)
Birmingham

Hair Fair—HAIR (01-940 6065) GMex Centre, Manchester June 22-24 Property Management & Archi-

Overseas June 30-July 3 Electronics Industry Exhibition (02403 29406) Hong Kong

July 22-25

Fair (0206 240668) August 21-27

International Building Construc-tion Exhibition — CONSTRUC-TION CHINA (01-486 1951) Beijing

International Air Show (01-225 5566) Parts June 22-26 International Foundry Exhibi-tion (021-455 9600) Brno

June 22-26 June 22-25
International Wine, Spirits and International Jewellery and Equipment Exhibition (01-225 Watches Exhibition — JEWEL-5566)
Bordeaux FAIR (01-464 4129) Singapore

Business and Management Conferences Software (0536 204224) Churchill Hotel, WI

June 8-9 June 89
International Finance Roundtable: Globalisation of the world
financial markets (New York
(212) 696-0215)
The Plaza, New York City

June 9-10 South Conferences: Third World South Conferences: Third World Stock Markets—the ignored option? (01-930 8411)

The Gloucester Hotel, SW7

Authorst Square, SW1

June 30-July 1

Watt Committee on Energy:
Rational use of energy (01-379 June 9-10

Financial Times: International collaboration in aerospace—problems, progress and prospects (01-621 1355) June 16-17

Financial Times: Retailing (01-621 1355) Hotel Inter-Continental, W1 July 6

Longman Seminars: Commercial Agreements in the Music Industry (01-242 4111) Cavendish Conference Centre, WI International Business Communi-

cations: Pensions regulations (01-236 4080) Royal Lancaster Hotel, W2 July 7-8
E 22-23
Incial Times: World gold Telecommunications and the terence (01-621 1355) Ventee European Business Market: the Financial Times: World gold conference (01-621 1355) Ventee June 23-24

Institute for International Research: Pricing, Hedging and Trading Options on Interest Rates (01-434 1017)

Spectrum Pricing Pricing Spectrum Pricing Spectrum

Finance

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

mainly on last year's timetable.

TODAY

COMPANY METINGS—
Ariss Converting Equipment, 4 Broadspace, EC, 12.30
Centrewey Tst., Midland Hotel, New St.,
B'ham, 3.00
Dewey Warren, Watermen and Lightermen's State, Midland Hotel, New St.,
Charles Street, W., 12.00
Inchcape, Estitic Exchange Chambers,
14-20 St., Mary Axa, E.C., 12.00
INOCO. Chesterheid Hotel, 33 Charles
Street, W., 10.00
Nacy Chesterheid Hotel, 33 Charles
Street, W., 10.00
Taylory Hall, 30
Disamec, Frensham Pond Hotel, Chut,
Farnham, Surrey, 12.00
Williams Hidgs., Derfryshire County
Cricket Club, Nottingham Road, Derby,
12.00
BOARD MEETINGS—
Hall, 13 Charles
Street, W., 10.00
Hall, 30 Charles
Street, W., 10.00
Taylory Hall, 30
Charles
Street, W., 10.00
Taylory Hall, 30
Charles
Cricket Club, Nottingham Road, Derby,
12.00
BOARD MEETINGS—

Street Portland Extens
Street Club, Nottingham Road, Derby,
Johnson and Firth Brown
Division Board Firth Brown
Division B Interest Payments—

Cricket Club, Nothingham Road, Derby, 12.00

BOARD MEETINGS—
Flasis:
Board MEETINGS—
Flasis:
Byroorstatcht Gold Mining
Electronic Rentals
F and C Alliance Invest
Grast Western Resources
Hartisons Massyslan Plantations
Hazisewood Foods
Investment Combany
Millward Brown
Northembrian Flas Foods
Orthodorian Flast Foods
Northembrian Flast Foods
Prontaprint
Sanders and Sidner
York Mount
Interims;
Durban Roodepoort Deep
East Rand Proprietary Mines
DIVIDEND & INTEREST PAYMENTS—
Addison Consultancy (B.S.C.) Pits. Rate
Bank of Wales 2.60
Bank of Wales 2.60
Bank of Wales 2.60
Bank of Wales 2.60
Highland Dists. 0.68p
House of Leroise 6.4p
Intraked Assots. 2.15 cs.
Liard 4.7p
Lockheed Cpn. 18 cs.
Livies G 3. 2.75p

Petrocon 1p Reed Infni. SpcPf. 1.75p. 7pcPf. 2.45p. 5ipctin. 2ipc. 7ipctin. 3ipc Rockwell Infni. 165 cts. Scottish Talo-vision 12p Theme Hidgs. 1p

TOMORROW
COMPANY MEETINGS—
Actury and Madeley, Finch Road.
Lozelle, B'ham, 12.00
Baillie Gidord Technology 9 Gienfinias
Lucet, colnoursh, 10.30
Gosse Massim Politit 12 Bishop's Bridge
Road, W., 10.30
Combined English Stores, Inn. on the Place. Barbican. E.C., 12.00 iS. Brewer's Hall. Aldermanbury Sq., E.C., 12.00 Street, EC., 11.00 Street, EC., 11.00 Gartin Currie Pacific Tst., 29 Charlotte Sq., Edinburgh, 12.30 Sq., Edinburgh, 12.30 entos. Brown's Hotel, Dover Street, W.,

12.30 Tarmac, Hvde Park Hotel, Knight S.W., 12.00 BOARD MEETINGS— Finals: Atkins Bros (Hostery) British Benzoli Brown (N.) Continuous Stationery

7 76cts. 50c 10pcln. 50c 10pcln. 50c 10pcln. 50c 10pcln. 50c 10pcln. 50c 10pcln. 10pcl Blockeys, Beckarre and Hotel, Erdall, 12.00
City of Oxford Inv. Tat., 41 Bishopsgate, E.C., 12.00
Davies and Newman, Great Eastern Hotel,
Liverpool St., E.C., 12.00
Delyn Packagins, Park Hotel, Park Place,
Cardif, 11.15 Liverbool St., E.C., 12.00

Delyn Packagine, Park Hotol, Park Place,
Cardis, 11.15

Empire Stores (Bradford) Norfolk Gdss.,
Hotel, Bradford, 12.00

Garfunkels Restaurants, Capel, Cure and Alyers, 65 Holborn Visitock, E.C., 11.00

Grynweld Intal., Headlands House, New Octobery Road, Sheldon, B'ham., 12.00

Lilley (F. J. C.), Hosoftality Ins, Cambridge Street, Glasgow, 12.00

Lilley (F. J. C.), Hosoftality Ins, Cambridge Street, Glasgow, 12.00

Lilley (F. J. C.), Hosoftality Ins, Cambridge Street, Glasgow, 12.00

Johnson and Fire Dividend and Fire Dividend and Fire Dividend I shall sale Fits. No. 1990 3315.97 Sance 1still sales Fits. No. 1991 (with-without writs.) 5355.89 Stockiev 19p. 50cts. Cerron Co. 50cts. Soct. Decoration Co. 30cts. Separal Motors 125cts. Grace (W. R.) 70cts. Grace (W.

Houston, India, 7200a.
Inmi, Basiness Mach, Cpn. 110cts.
Inmi, Basiness Mach, Cpn. 110cts.
Mobil Cpn.
Needlibra Fin. Fitg. Nits. 1988 \$189.31
New Coart Tst. Sp
North Atlantic Secs. 1p
Sout Paper 0.34cts,
Suelbb 60cts.
Suelbb 60cts.
Suelbb 60cts.
Suel-Pias 75cts.
Tilbury Sp
United Technologies 35 cts
Warner-Lambert 45cts. illum Sp.

Inited Technologies 35 cts

Armer-Lambert 45cs.

Armer-Lambert 45cs.

COMPANY MEETINGS—

Iteoone, 65 Holborn Viaduct, EC, 12.00

Group, Showell Rd., Wolverhampton,

Bon Accord shopping centre has taken a significant step forward with the award of construction contracts by developers, Bredero Group. Contracts worth more than £8.5m over 20 months have been won by HALL AND TAWSE CONSTRUCTION. The recent opening of a new road—Berry Street, connecting Loch Street to Gallowgate — has allowed demolition to be completed at the city centre site. Under the io ns. Great Eastern Hotel, Liverpool E.C., 12.00 and Hill, Mayfair Hotel, Stratton ft. W. 11.00 and Shasson, 52 Cornbill, E.C.,

relio Canonilla Marchael Canonilla Marchael Canonilla Ca

Bankers Tst., New York Fi \$167.71 Gartunkels Restaurants 1.265p Higgs and Hill 9.5p 7p 5½pc 1985-87 24pc

Chepatow Racecourse, The Racecourse, Chepatow Racecourse, The Racecourse, The Racecourse, Hyman, Belgrade Hotel, Oldham, 12.00 Maccionald Martin Dists., Maccionald House, 186 Commercial St., Leith, Edinburgh, 12.00 Plassarama, London Hilton, Park Lane, W. 12.00 Woodrow. Intel. House. World Centre. 1 St. Ketharine's Way, 45 i., 11.45 ulted Friendly Insurance. 42 Sout Bridge Road. S.E., 12.30 BOARD MEETINGS— Finals: Alpine Soft Drinks Brown Shipley Hicking Pentecost Property Partnerships

omic DIVIDEND & INTEREST PAYMENTS— ank of Scotland 10.5p ank of Tokyo (Caracae) NV Fits. Nts Boses Alessini Politit 4p Boses Scts. Citicoro Oversess Fin. Fits, Nts. 1994 517.25 Cotr (Horses) 6.7% Critical 0.35p
Early's of Witney 19
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Early's of Witney 19
Early 19
Early

Orange Free State Invs. 400cts.
St. Ives 1.759
Scott and Robertson 2.5p
Singasore Para Robber Ests. 0.5p
Smith Kline Beckman 73cts.
Smithe Inds. 2p
Southeast Banking Fits. Nts. 1996
\$315.97
Tres. 10pc 1987 Spc
Uster Television 1.7p
Waterford Glass (Inc. Waterford Wedswood) 1.58p. Do. (Rts. Waterford

CONSTRUCTION CONTRACTS

£35m work for Haden Young

In recent months BADEN YOUNG has won contracts worth over £35m. In Scotland first-quarter successes total £6m, the largest being a £2.2m job for the mechanical and electrical installations at RNAD Crombie. Other major awards include mechanical and electrical services for DHSS, Buchanan House, Livingston (£1.3m), and mechanical services for the Property Services Agency at RAF Leaning (£1.5m) and Babcock Power, Renfrew (£1.3m).

Orders worth £14m have been obtained in the North and Midlands. Two mechanical services contracts totalling £4.4m are underway for the North West Regional Health Authority in connection with the Manchester Royal Infirmary phase two development and central services respect to the control and support buildings can the DP Dimington £4.5m and construction for the Prudential Apex Plaza office development in Reading. Other notable awards includes the multi-services design and construction of process pipework for the Corporation stores in Ratfield,

Shopping centre

The development of Aberdeen's the centre which will open in

Telecommunications FT

in Aberdeen

sellafield (£1.1m), multi-services to design and construction of thotels for Trust House Forte in Hulli and Novotel in York (£1.3m), and mechanical services for the Property Services Agency at RAF Leeming (£1.5m) and RAF Cranwell (£0.9m), as well as a prime contract valued at £600,000 for mechanical and electrical services to office accommodation for the USAF in Harrogate.

vitrified product store at BNFL, Bournemouth and Warrington Sellafield (£1.1m), multi-services totalling £1.8m, mechanical ser-

vices to a Ministry of Agriculture and Fisheries laboratory for the Property Services Agency (£1.75m), a fast track multiservices prime contract in the Tower of London Jewel House awarded by the Property Services Agency (£450,000), design and construction of mechanical services for St Akbans City Council offices (£700,000), a specialist leadwork contract for the roof renewal of Ely Cathedral (£220,000), the building services for the London Transport new maintenance workshop Acton (£2m), luxury flats in the Butlers Wharf redevelopment (£1.5m), and glasshouses at Shell Research in Sittingbourne (£0.75m).

the London Hospital

Bon Accord shopping centre has 1990. The John Lewis Partnership is to redevelop Norco House, creating a 200,000 sq ft department store directly linked to the Bon Accord Centre.

opening of a new road—Berry
Street, connecting Loch Street
to Gallowgate — has allowed
demolition to be completed at
the city centre site. Under the
contracts, Hall and Tawse will
contracts, Hall and Tawse will
corry out all structural work on
the 10-acre site, with the exception of housing and offices. The
Bon Accord Centre will provide
270,000 sq ft of stores, shops,
restaurant and leisure facilities
as well as parking for 1,050 cars,
Boots and C & A have already
announced they will move into CONSTRUCTION

Expansion for

HIGGS AND HILL BUILDING has been awarded a £5m contract by the North East Thames Regional Health Authority to construct an extension to the London Hospital at Mile End in East London.

This involves construction of six 24-bed wards for the care of the elderly, a therapy unit, a day hospital for the elderly, and general and academic offices, together with a two-storey corridor link with the existing hospital.

The building housing the new facilities will be of reinforced concrete frame construction with brick cladding. They will be two or three storeys in height with pitched roofs and will be constructed around a central landscaped courtyard.

For information please return this advertisement, together with

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lax 01-623 8814

your business card, to:

Cockspur Street, London SW1, the United Bank of Kuwait in Edgware Road, London W2, and the Hallfax Building Society in In East London.

This involves construction of six 24-bed wards for the care of the elderly, a therapy unit, a day hospital for the elderly, and general and academic offices, together with a two-storey corridor link with the storey corridor link with the store it replaces. The management contract for the construction of the company's tore which will have a sales area almost double that of the company's biggest currently-operating store and academic almost 12 times higger than the store it replaces.

SOLIHULL

BRACKNELI

Refurbishment at the Foreign Office in Whitehall and a new

science laboratory for West-

minster School are among new contracts valued at nearly sam won by ASHBY AND HORNER

The largest new project is the fitting-out of a new 11,846 sq ft office building for Thorn EMI at Tenterden Street, London W1.

Also in the West End, the Amalgamated Engineering Union's offices in Denmark Street, London W1, are to be comprehensively refurbished. A

comprehensively returnished. A similarly-sized contract has been awarded by Rio Tinto-Zink, whose main office reception in St James's Square, London SW1, is to be substantially upgraded by

Further gains include refur-bishment of financial services premises for Barclays Bank at

late summer.

ment contract for the construction of the 53.7m project in
Grove road, Sutton, Surrey, has
been placed with CLARKE CONSTRUCTION (MIDLANDS), the
commercial and industrial subsidiary of the Clarke Group. The
100.000 sq ft sales area compared
with the 4,300 sq ft of Safeway's
existing 25-year-old Sutton store.
By utilising the roof as a car
park in addition to adjacent land,
the new project will have space
for 460 cars. Clarke Construction has scheduled completion
for November and Safeway plans
to open it in the summer of
1988.

£1.42m fitting out contract for Safeway's new Harrogate store. In Leicester the company has started work on a £1.25m extension to George Oliver (Footwear) central warehouse. Other projects include two new branches for McDonalds's Ham-burgers (a £750,000 restaurant in Norwich and a £350,000 restaurant in Norwich and a £350,000 restaurant in Nottingham), a £414,000 snorts hall at Penkridge for South Staffordshire District Council and a £350,000 seven-unit factory development at Wrexham for the Welsh Development Agency.

McLeod Russel Mash Industries Research: Pricing, Hedging and Trading Options on Interest Rates (01-434 1017) Moorgate Place, EC2 June 24-25 ESC: Commercial Exploitation and Protection of Computer Motel inter-Commental, W1 July 13-14 Spectra: How can retail management use data collected from sales points — to make their tusinesses grow? (0734 794161) Fortman Hotel, W1 Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published

Financial Times Conferences

Oil and Gas Reappraised

London — July 2 and 3, 1987

A substantial delegate list has already been formed for this next FT energy conference in London. Sir Lesley Murphy and Peter Gaffney are to chair and Dr Pierre Jungels, Mr Malcolm Peebles, Mr Henry Rowson, Mr Ted White and Mr George Band are among the speakers. Mr Algy Cluff makes a welcome return to an FT platform and Mr Bart Collins, Mr Christopher Masters, Mr Neil Pike, Mr Peter Wildblood and Mr John Deskin are among the other speakers. Mr Hans Henrik Ramm who has given several excellent papers on the Norwegian sector of the North Sea is coming to London in July and the Nigerian Petroleum Minister and Opec President, Albaji Rilwanu Lukman has accepted in principle to give the keynote address.

Telecommunications and the **European Business Market** London - July 7 and 8, 1987

The Financial Times third conference on Telecommunications and the European Business Market will focus on the impetus for change in telecommunications in Europe and how the changes will affect the large business user. The 1987 conference changes will anext the large rusiness user. The 1887 conference brings together a distinguished panel of speakers to review likely future trends and the opportunities for innovative use of communications in both manufacturing and services. Contributors include: Mr Michel Carpentier, Professor Bryan Carsberg, Mr Luis Solana, Mr Gordon Owen, Mr Marino Benedetti, Mr Mike Sheridan, Mr Paul Reevey and Mr John

World Motor Conference

Frankfurt — September 10 and 11, 1987

Strategic alliances, investments, distributive developments and relations with Japan with particular emphasis on the Japanese market are the major elements in this year's FT World Motor Conference. Two years ago in Frankfurt, Dr Carl Hahn and Mr Bob Lutz made fascinating contributions to the proceedings and they return to the platform this year. Among the other speakers are Mr Peter Schutz of Porsche, Mr Roger Vincent of Bankers Trust, Mr Giorgio Garuzzo of Iveco and Mr Hansjorg Manger of Robert Bosch.

All inquiries should be addressed to:

The Financial Times Conference Organisation Minster House, Arthur Street London ECAR 9AX

Tel: 01-621 1355 (24-hour answering service) Telex: 27347 FTCONF G Fax: 01-623 8814

WEEKEND FT

For information on advertising on the BOOKS PAGE CONTACT SUE MATHIESON on

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To the Holders of

COLLATERALIZED MORTGAGE OBLIGATION TRUST TWENTY

Class A Floating Rate Bonds Due 2017

Notice is hereby given that the interest rate applicable to the above bonds for the interest accrual period beginning May 25, 1987 described in the Indenture, is 8.125% per annum.

COLLATERALIZED MORTGAGE OBLIGATION TRUST TWENTY

FINANCIAL TIMES

WORLD **BANKING**

This complete Survey, the first part of which appeared on May 7, has been reprinted as a booklet and is available at the price of £5 (including p&p). Please return the coupon below for your copy of the booklet,

To: Kay Crellin, Overseas Advertisement Dept., Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Cheques and postal orders payable to The Financial Times

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Company Notices

and the European

the perspectives for change

Business Market:

7 & 8 July, 1987

London

Hotel Inter.Continental

SOCIETE NATIONALE DES CHEMINS DE FER BELGES (SNCB)



NATIONALE MAATSCHAPPIJ DER BELGISCHE SPOORWEGEN (NMBS)

US\$75,000,000 Guaranteed Floating Rate Notes due November 1991

Unconditionally guaranteed by THE KINGDOM OF BELGIUM

In accordance with the provisions of the Notes, notice is hereby given that for the six month interest period from May 20, 1967 to November 20, 1987 the Notes will carry en interest rate of 7.9375 per cent per annum. This interest amount payable on the relevant interest payment date which will be November 20, 1967 is US\$2,028.47 for US\$50.000 (p principal amount of the Notes.



by Generale Bank Agent Bank

The Board of Directors of the TRUST MAATSCHAPPIJ CURAÇÃO I B.V. (formerly N.V.)

at Amsterdam will convene a meeting of their holders of certificates in the Marriott Hotel, Stadhouderskade 21,

Amsterdam, on June 25th, 1987 at 10.30 a.m. To be entitled to attend this meeting, holders of certificates are required to deposit their warrants of certificates by June 18th, 1987, with Bank Mees & Hope NV, Amsterdam.

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THE ROYAL BANK OF CANADA US\$300,000,000 Floating Rate Debent Notes due 2085 NOTICE IS HEREBY GIVEN that for the laberest period commencing 9th June 1987, the notes will beer interest at the rate of 72% per amount. The interest payable on 5th September 1987 against coupon 6 will be US\$19.166666 per US\$1,900 nominal. ORION ROYAL BANK, Appet Bank

Public Notices

MANCHESTER AIRPORT

MANCHESTER AIRPORT

The Civil Aviation Authority has referred certain questions relating to Manchester Airport bit to the Monopolies and Mergers Commission under the economic regulation provisions of the Airports Act 1888.

The Commission are required to recommend maximum simport charges which may be invied by Manchester over the five years commencing in 1988; and to investigate whether the leavying of such charges over the year prior to this reference has poperated against the public interest.

The Commission are elso required to report on whether any activities carried on for the benefit of sircrest operators, their passengers or consigners of corpo, whether by Menchester Airport pic or on its behalf, have operated another the expected to operate against the public interest. These activities are services, their passengers or consigners of corpo, whether by Menchester Airport pic or on its behalf, have operated and the provision of such lecifice are car perking, refreshment of passengers and the supply of consumer goods and sorvices.

The Commission have six months with the

arm sorvices.

The Commission have six months within which to report. Anyone requiring a copy of the terms of reference, or wishing to substit evidence or views on this inquiry should write as soon as possible to The Secretary. Monopolies and Mergers Commission, New Court, 48 Carby Street, London WC2A 2.IT. Tolophons: 01-831 6111. Monopalies and Mergers Commission, June 1987. Department of Trade and Industry.

Legal Notice

SOCIETE CENTRALE PRESERVATRICE FONCIERE ASSURANCES

FONCIERE ASSURANCES
Notice is hereby given, pursuent to section 51(2) of the Insurance Companies Act 1982, that Societe Centrale Preservatrice Fonciere Assurances has approved to the Secretary of State for his approved of the teamsler to Preservature Fonciere T.I.A.R.D. Compagned d'Assurances of all 4ts rights and obligations under all general policiers of insurance lessed by Seclese Centrale Proservatrice Fonciere Assurances through its branch in the United Kingdom, which has its principal place of business are Capital House, I Houndwell Place, Southesmpton SO1 THU, together with all rights and obligations which it onloys as successor in ties to be a Fonciere T.I.A.R.D. and La Preservatrice A.I.R.D. under all general policies of insurance legisled by La reservatrice 1.I.A.R.D. and La Preservatrice A.I.R.D. through their respective

branches in the United Kingdom, which also had their principal phaces of business at Capital House, I Hondwell Place. Southernton SOI 1HIU, which policies of incurance impose on Societa Centrale Preservatives Fonciere Assurances obligations the parlammines of which constitues the carrying on of insurance business in the United Kingdom. Copies of a statement setting out particulars of the transfer are assainable for impection at the offices of Biohopogose Insurance pkt, 19/21 Billiker Street, London ECS during normal business hours on any weekday (Saturdays and public bolidays excepted) for a period of 30 days from the date of publication of this nector.

Writen representations concerning the unneler may be sent to the Secretary of State before the expiry of 60 days following publication of this notice and the Secretary of State wiff not determine the application unbil efter considering any representations made to him before the expiry of such 60 day period.

Contracts and Tenders

FIJI ELECTRICITY AUTHORITY
SOMOSOMO MINI HYDRO PROJECT

— Manufacture and Supply of Generating Equipment INVITATION TO TENDER

Tenders are invited for:

Designing, manufacturing, tosting, finishing, peinting, packing for export, insuring, shipping, unloading at the Post of Suva in Fijl, customs clearing, shipping and transporting from the Post of Suva to the site, erecting, testing at the site, commissioning and maintaining of the following:

One horizontal shaft pelton or turgo turbine of 350 km nomics) output complete with covernor and later size.

One synchronous generator of 450 km rated output complete with excitation equipment.

* One synchronous generator of 450 kvs rated output complete with sucliation equipment

* Turbine and generator control and protection equipment.

* Line protection and synchronising equipment

* One 11 kv transformer and switch fuse equipment

* Communication equipment

* Communication equipment

* Communication equipment

* Tender documents may be obtained personally by the tenderer or his authorised representative upon payment of a non-refundable amount of Fiji £100.00 from FEA at the following address:

* The Secretary, Tander Committee

* Fiji £100.00 from FEA at the following address:

* Western House, Vidito AUTHORITY

* Western House, Vidito Street, Leutoke, Fiji

Seeled completed tenders will be received up to 10.00 am Fiji standard time on the publicity opened at 11.00 am standard time on Wandesday, 12th August 1987 at the Head Office of the Fiji Electricity Authority, at the above address.

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OVER-THE-COUNTER Nasdaq national market, 2.30pm prices, June 5

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FINANCIAL TIMES

Europe's Business Newspaper

London Franklen New York

Closing prices, June 5

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YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES 927.7.5557.444.45.2.2.1916.7.7.566.6 95.564.1116.7.544.116.7.544.11 NAFCO.88b
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Continued on Page 33

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES June 5

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Historical distribution of the control of the contr	
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Consolidated Modderfontein **Mines Limited**

Declaration of final dividend

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Venice summit and UK election dominate sentiment

ECONOMIC NEWS is likely to be totally overshadowed by two important political events this week.

The first is the meeting of leaders from the major industrial nations, beginning in Venice today, and the second is Thurs-day's UK general election. In general the financial markets

do not expect very much from the Venice summit, and are not look-ing for a fresh initiative to keep

ing for a fresh initiative to keep the exchanges stable.

Mr Christopher Johnson, chief economic adviser at Lloyds Bank, says the meeting may encourage a period of stability for the dollar, but by September it will be weakening again.

Lloyds Bank forecasts rates of Y127 and DM 1.60 for the dollar by March 1988.

March 1988. Mr Johnson suggests the central

banks have been experimenting
with target zones for exchange

£ IN NEW YORK

June 5	Close	Previous Close
£ Spot	1.6290-1.6300 0.24-0.23 pm 0.63-0.61 pm 1.34-1.27 pm	1.6275-1.6295 0.24-0.23 pm 0.62-0.59 pm 1.45-1.35 pm
Forward prem U.S. dollar.	niums and discou	ints apply to th

STERI	LING IND	EX	
		June 5	Previous
8.30	an	72.7	72.5
9.00	am	72.7	72.5
10.00	3M	72.7	72.5
11.00	20Th	72.7	72.5
Noon		72.6	72.5
1.00	pm:	72.7	72.5
2.00	pm	72.7	72.5
3.00	PM	72.6	72.5
4.00	pm .	72 <u>.</u> 6	72.5

CURRENCY RATES

Jane 5	Bank	Special	European
	rate	Drawing	Currency
	%	Rights	Unix
Austrian Sch Belgian Franc . Danish Krone Deutsche Mark Neth, Gullder Freuch Franc	557.90 4 77 3.0 442 952 8 - 752 3.052 -	0,79006 1,2902 N/A 2,3370 N/A 7,8149 N/A 185,40 N/A	0.701053 1.14552 1.53981 14.5733 42.9857 7.80329 2.077339 2.33686 6.93326 1502.06 164.096 7.68931 144.565 7.23053 1.71828 1.71828 1.71828

*CS/SDR rate for June 4: 1.72648 **CURRENCY MOVEMENTS**

June 5	Sank of England Index	Morgao Guaranty Changes %
Sterling	72.6 101.7 77.0	-20.9 -5.3 -22.5
Austrian Schilling Belgian Franc Danish Krone	138.0 100.1	+10.3 -4.4
Destsche Mark Swiss Franc	93.3 146.9 173.1	+3.5 +21.7 +22.8
Soilder	135.1 71.5 47.2	+14.4 -13.0 -18.2
Yen	221.9	+65.4

OTHER CURRENCIES								
June 5	£	\$						
Argentisa Australia Brazil	2,6555-2,6670 2,2795-2,2825 57,5100-57,8300	1.6290-1.6350 1.3980-1.3990 35.2790-35.4550						
Finland Greece Hosp Koop	7.1675-7.1880 219.30-223.15 12.7235-12.7410	4.4010-4.4030 134.15-136.45 7.8060-7.8070						
Iran	117.20* 1330.90-1342.95 0.45900-0.45960	70.90* 817.90-824.50 0.28130-0.28140						
Luxembourg Malaysia Mexico	61.30-61.40 4.0675-4.0750 2081.75-2104.25	37.55-37.65 2.4955-2.4970						
N. Zealand Sandi Ar Singapore	2.8160-2.8210 6.1205-6.1260 3.4410-3.4475	1.7270-1.7290 3.7505-3.7515 2.1110-2.1125						
S. Af. (Cm) S. Af. (Fn) Taiwan	3.2775-3.2925 5.4360-5.6235 50.80-51.05	2.0120-2.0160 3.3335-3.4485 31.25-31.35						
Ų.A.E	5.9935-5.9990 "Selling rate	3.6725-3.6735						

FORWARD RATES AGAINST STERLING

	Spot	Ē	artits	m@bs	ם
US Dollar D-mark French Fr. Swiss Fr. Yea	2.9575 9.8925 2.4525	2.9449 9.8895	2,9202 9,8887 2,4228	2,8851 9,8889 2,3942	2.8156 9.8800 2.3385
					,

MONEY MARKETS

At one time a Gallup poll cut the

by BBC's Newsnight and NOP

FT LONDON INTERBANK FIXING

rates, since the Paris Group of Seven meeting in February. He does not expect any public announcement of exchange rate production and Credit Suisse First Boston's suggestion of DM 3.20. Membership of the EMS and the pound's value in the near future. announcement of exchange rate bands at the summit, but suggests the probable target for sterling against the dollar is \$1.69 to \$1.53 and for the pound against the D-Mark is DM 3.05 to DM 2.76. Mr Johnson adds that the com-

Mr Johnson adds that the commitment to target zones is somewhat half-hearted however, and expects only a few months breathing space for the dollar.

Lloyds Bank forecasts sterling will join the European Monetary System in the third quarter of 1987, close to its present notional central rate of DM 2.78, providing the D-Mark strengthens as expected.

pound's value in the near future will depend on the result of will depend on the result of Thursday's election. Opinion polls last week pointed towards an overall Conservative majority of about 80 seats, but while the result remains in doubt the market will react nervously to any suggestion of a narrowing in the gap between support for the Tories and Labour, or the possibility of a hung parliament. Friday's UK retail prices index is likely to be largely ignored as attention is focused on the election result, but it is the most important British economic statistic this week.

expected.

Sterling's membership of the EMS is widely expected among City analysts, but forecasts of its value against the D-Mark on entry vary between the Lloyds Bank in mortgage rates. This will be the first monthly fall since last July.

EMS EUROPEAN CURRENCY UNIT PATES

	Ecu central rates	Currency amounts against Eco June 5	% change from central rate	% change adjusted for divergence	Divergence limit %
glan Franc	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	42.9857 7.80329 2.07339 6.93326 2.33686 0.774524 1502.06	+1.24 -0.62 +0.72 +0.42 +0.75 +0.80 +1.25	+0.70 -1.16 +0.18 -0.12 +0.21 +0.26 +1.17	± 1.5344 ± 1.6404 ± 1.0981 ± 1.3674 ± 1.5012 ± 1.6684 ± 4.0752
inges are for Ecu, ustinent calculated CHANGE CF	by Financial	Times.	enotes a weak	сытеясу.	

XCH	NGE	CROS	S RA	TES						
Jame 5	£	\$	DM	YEN	F Fr.	S Fr.	H FI.	Lina	C S	B F
\$	1.	1.631	2.958	234.5	9.893	2.453	3.333	2142	2193	61.3
	0.613	1.	1.814	143.8	6.065	1.503	2.043	1313.	1344	37.6
DM	0.338	0.551	1	79.29	3.345	0,829	1.127	729.1	0.741	20.7
YEN	4.264	6.955	1261	1000.	42.19	10.46	14.21	9132.	9.350	261.
F Fr.	1.011	1.649	2.990	237.0	10.	2.479	3.369	2165.	2.216	62.0
S Fr.	0.406	0.665	1.206	95.62	4.034	1.	1.359	673.2	0.894	25.0
# FI. i	0.300	0.489	0.587	70.37	2.968	0.736	1	642.6	0.658	18.4
Lita	0.467	0.762	1.381	109.5	4.619	1.145	1.556	1000.	1.024	28.6
C S	0.456	0.744	1.349	107.0	4.512	1.119	1.520	976.7	1.	27.9
B Fr.	1.630	2.6 59	4.821	382.2	16.12	3.998	5.432	3491.	3.574	100.

EURO-ÇU!	RENCY	INTERES	T RATES	•
	Char	7 D	O-a	Г

June 5	Short term	7 Days' notice	One Month	Three Months	Six Months	Que Year
Sterling	872-9	875-915	82.82	84-8%	81-87	9.91
U.S. Dollar	62-62	61:-613	7-74	7-7	73.73	8-81 _e
Can. Dollar	878-878	81.81	812-81 <u>7</u>	814-812	83,85	81_9
D. Guilder	51 ₈ -51 ₄	54-54	51.51	5,4-5,2	54-54	51 ₈ -51 ₄
Sw. Franc	17-2	14.2	4,4.4,4	5%-4	312-311	37.4
Deutschmark	3,4-3,2	312-35	35-33	32.311	35,-33,	34-34
r. Franc	7/2-8/4	8-84	64.64	84-84	84-84	87-9
tallan Lire	9-11	9-10	10-1002	10-1012	101-101-	1012-11
. Fr. (Fin.)	64-64	612-612	612-613	67-7	71-74	74-73
3. Fr. (Cos.)	612-634	6-6-6	64-7	637	7-74	714.715
/en	312-35	3,2-35	34-312	312-34	3남-3남	37-4
). Krose	91-101-	101-1012	10, 10,	9%-104	93-104	103-101
Aslan SSing	112-2	N/A	44-44	412,45	45, 43,	434-479

POUND SPOT-FORWARD AGAINST THE POUND

•	Spread	1	t	PAGE	IMARING	
US	1.6290-1.6365	1.6305-1.6315	0.25-0.22c pm	1.73	0.64-0.59 pm	2.53
Casada	2.1891-2.1969	21920-21930	0.13-0.03c pm	0.44	0.25-0.09 pm	0.31
Netherlands .	3.324-3.334	3.324-3.334	14,-7ac pm	3.60	34-2%	3.68
Belgham	61.21-61.41	61,30-61.40			36-26 pm	2.02
Jeografik	11.102-11.144	11.124-11.134	7-15 one dis		234-354 pm	1.15
reland	1,1025-1,1075	1_1040-1_1050		-255	0.55-0.74 pm	2.34
W. Germany .	2.954-2.964	2954-2964	13-13g0 pm	5.07	4–31, թո	5.24
Portogal	229.20-230.93	229.50-230.40	66-149c dis	-5.61	289-407 dis	-6.05
ioain	206.00-206.40	206.00-206.30	85-135c dis	-6.40	273-359 dis	-6.13
taly	21374-21484	2141-2142	14 tire dis	-1.40	5-10 dis	-1.40
toreay	10.9312-10.9714	10.96-10.97	45-54 are dis	-5.27	147-154, 66	-5.59
rance	9.88-9.904	9.884-9.894	3 c pra	0.76	11 ₂ -7 ₈ cpm	0.48
weden	10.283-10.324	10.304-10.314	Par-12 ore dis	-0.29	. 14-24 ds	-0.78
2020	23314-235	234-235	1-7, y pen	4.80	3-2% pm	5.01
ustria	20.75-20.82	20.75-20.78	87-74 gro pm		251,-231, pm	4.73
witzerland	2441-2451	2441-2451	11 ₈ -7 ₉ c pm	4.89	31 ₄ -3 pm	9.09

Desgian rate is for convertince francs, Financial franc 01,55-01,45. Six-moved form. 0.94 c pm. 12-month 1.37-1.27c pm. Correction for June 4, Sweden close 10.284x-10.294x DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

	3101-1	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		- P		
Jane 5	Day's spread	Clase	One month	% p.a.	Tipree pagenths	% p.e.
UK†	1.6290-1.6365	1.6305-1.6315	0.25-0.22c pm	1.73	0.64-0.59 pm	1.51
irelandt	1,4755-1,4800	14765-14775	0.55-0.50c pm	4.26	1.45-1.30 pm	3.72
Careda	1.3418-1.3455	1.3430-1.3440	0.14-0.17c dis	-1.36	0.38-0.43 dis	1.21
Netherlands .	2.0370-2.0440	2.0425-2.0435	0.33-0.31c pm	1.88	1.09-1.06 pm	2.11
Belglom	37.48-37.65	37.55-37.65	ll₄pm-l₂c dis	0.28	31 ₂ -2 pm	88.0
Denmark	_	6824-6824	1.10-1.80are dis		3.60-4.30 dis	2.32
W. Germany .	1.8065-1.8140	1.8130-1.8140	0.53-0.48pf pm	3.35	1.65-1.60pm	3.59
Portugal	141-14112	1414-1415	60-110c dis	-7.53	230-300 dis	-7.83
Spain	126.10-126.47	126.35-126.45	70-100c dis	-8.08	215-265 ds	-7.60
Haly	1310-131312		3.30-3.70lire dls	-3.20	9,50-10.25ds	-3.01
Norway	6.6872-6.7272	6.72-6.7212	3.80-4.30ore dls	-7.25	11.90-12.40ds	-7.25
France	6.044-6.064	6.064-6.064			1.80-1.95 dis	1.24
Sweden	6.30-6.32%	6.314-6.324	1.00-1.30ore dis	-2.19	3.55-3.95 #6	2.28
ا معجهل	143.00-143.85	143.75-143.85	0.41-0.39y pm	3.35	1.27-1.24 pm	3.50
Austria	12.70%-12.74%	12.731-12.744	3.40-3.00gro pm	3.02	10.25-9.25 pm	3.06
Switzerland	1.4970-1.5050	1.5025-1.5035	0.38-0.35c pts	2.92	1.27-1.24 pm	3.34

† UK and Ireland are quoted in US currency. Forward pre to the individual currency. Belgian rate is for converts

Movements in the opinion polls

Three-month interbank finished

Polls create a little nervousness INTEREST RATES in London marginal seats.

showed a little nervousness last But on Friday Marplan's poll

UK clearing bank base

MONEY RATES

CL1.00 p.m. June 5)	3 months U.S	. doilars	6 months U.S	. dollars	
bld 7 1	offer	7	bld 7 ½	affer	7%
fered rates for \$10m or	ioted by the m Westminster	girket to five	ded to the gearest one-six e reference banks at 11.00 ; of Tokyo, Deutsche Bank,	ı.m. each w	orking d
ANK OF ENGL	AND TR	EASUR	Y BILL TENDER	_	
	June 5	May 29		. <u>1</u>	May 2

week, but the money market continued to believe there would be a further period of Conservative points. This suggested a comfort-government after this Thursday's able Conservative majority in the UK election.

Conservative lead over Labour to tended to be reflected more in only 4 points, and there was conflict between a survey conducted than interest rates.

about support for the parties in the week unchanged at 8% per

BANK

Bitls on offer Total of applications Total affocated Minimum accepted bid Alfotment at unbilmum level	£400at £97,91	£400m £1,284m £400m £97,875 94%	Top accepted rate of discount	8.3830% 8.56%	8.5234% 8.4947% 8.68% £400m
WEEKLY CHAN	GE IN 1	NORLD	INTEREST RATE	S	
LONDON	June 5	dange	NEW YORK	June 5	Change
Base rates	9	Unch'd	Prime races	84	Unc±′d
7 day Interbank	8 <u>1)</u> 87	-,2	Federal Funds	65	Unch'd
3-month Intertrank	8%	Undird	3 Mth. Treasury Bills	5.83	Unch'd
Treasury Bill Yender	8.3830	-0.1117 Uech'd	6 Mth. Treasury Bills 3 Mth. C D	6.26 7.03	-0.19 -0.05
Barry 1 Bills Barry 2 Bills	. 87s	Unctrd		7.03	-D.UB
Barry 3 Bills	<u> </u>		FRANKFURT	J	
Band 4 Birk	_	_	Lombard	5.0	Uach'd
3 Mth. Treasury Bill	842	- 14	One mth. Interbank Three month	3.65	0.05 Hect/d
1 Mth. Bank Bills	817 817 818			3.70	Unce 4
3 Mith. Bank Bilts	843	-2	PARIS		
TOKYO			Intervention Rate	74	Unch'd +√.
One mooth Bills	3,71875	0.0625	Three month	714 818 814	+4
Three month Bills	3.65625	Unch'd	MILAN	. ~ I	T 18
BRUSSELS			One month	1	Unch'd
One manth	612	-4	Three month	111 ₆	Unch'd
Tirde month	•	-12		***	به الزهور
AMSTERDAM			DUBLIN	J	_
One mouth	53	Unch'd Unch'd	One month	끊	- A + A

ndon—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, band 3 bills 34 to 63 days d band 4 bills 64 to 91 days. Rates quoted represent Bank of England buying or selling rates with e band 9 market In other centres rates are generally deposit rates in the domestic money market d their respective changes during the week.

The secretary of the second se

and day. e de

NEW YORK (4pm) Prime rate Broker total rate Fed, funds Fed tunds as telemention	Tw: 814 The 8 Sta 654 Oct	e storth o month ree month year year	5. 	VA Three y VA Four ye 84 Five ye 29 Seveny 90 10 year	Bonds ear	8.03 8.13 8.35
June 5	Overnight	Çne Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankluri Paris Junch Ansterdam Tokyo Milas Brisseri Deblin LONDON MON	3.25-3.45 7(1-8 7-11-5 5-6-5-7 3.21875 101-101-15-85 107-111-1	3.60-3.70 6 to -8:2 37:-44 57:-54 3.71875 107:-11% 62:-7 11%-11%	3.65-3.75 Big-Big — — — — — — — — — —	3.65-3.75 8.2 - 8.2 4-41 ₀ 51 ₀ -51 ₄ 3.65625 101 ₂ -11 612-71 ₄ 111 ₂ -111 ₀	3.65-3.80 81 ₄ -81 ₄ — — — — — — — — —	5.0 774 — — — — —
June 5	Over- night	7 days	Month	Three Months	Six Months	One Year
Interbank Sterting CDs. Local Authority Deposits Local Authority Deposits Local Authority Bonds Discount Mirket Deposits Company Deposits. Finance House Deposits Treasury Bills (Buy) Bank Bills (Buy) Brine Trade Bills (Buy) Dollar CDs SDR Linket Deposits ECU Linket Deposits ECU Linket Deposits Treasury Bills (self);	91 ₈ -9 91 ₈ -94 91 ₈ -94 — — — —	91:-87: 91:- 91:- 812: 91:- - -	812-812 811-811 812 84 91-812 813 813 813 918-7-7-15 61-65	814-813 84-853 814 812 812 813 814 814-51 641-51 6614-61	81.82 81.81 9 - 87.87 87. 87. 87. 87. 87. 7.45-7.40 63.64	914-9 81-85-9 914

A survey by Money Market Services points to a fall of 0.1 per cent, bringing year-on-year inflation down to 3.9 per cent from 4.2 per cent. County NatWest agrees with this, but stockbroker. James Capel, and merchant bank, Morgan Grenfell, are looking for a reduction of 0.2 per cent, and an annual inflation rate of 3.8 per cent.

will also be released on Friday. The US trade deficit has been running at a monthly average of about \$13bn this year and most foreasters do not expect any substantial improvement in April.

A survey by MMS suggests an April deficit of \$13.5bn. Morgan Grenfell's forecast is also \$13.5bn, but MMS itself expects an even The main US statistic this week

A survey by MMS suggests an April deficit of \$13.5bn. Morgan Grenfell's forecast is also \$13.5bn. but MMS itself expects an even larger shortfall of \$14.2bn.

If the trade figures are as bad as forecast and the Venice summit fails to come up with new measures to correct the imbalance in trade between Japan. Europe and

the US, the dollar is likely to come under renewed pressure.

Depending on this, and the result of the UK election. Friday could be the most interesting day

on the foreign exchanges for some LIFFE FT-SE 100 UNDEX FUTURES OPTIONS
Strike Calls - Last Puts-Last
Proce June Mely Jane July
20750 19.53 22.92 2.03 0.92
21000 17.57 20.75 2.57 1.25
21250 15.72 18.66 3.22 1.66
21500 13.92 16.67 3.98 2.17
21750 12.35 14.78 4.85 2.78
22000 10.84 13.01 5.84 3.51
22250 8.55 11.37 6.05 4.37
22500 7.15 9.85 7.15 5.35
Estimated volume total, Calls 40 Pots 82
Previous day's open left: Calls 414 Puts 561

June 0.35 0.90 2.35 4.50 6.75 9.15 11.55

Close High Low Prev. 0.6958 0.6993 0.6951 0.6943 0.6951 0.7002 0.7002 0.7003 0.7011 0.7002 0.7013 0.7013 0.7013 0.7013 0.7033 — 0.7138 0.7233 — 0.7218

Close High Low Prev. 0.5507 0.5534 0.5505 0.5512 0.5556 0.5585 0.5555 0.5561 0.5606 0.5616 0.5666 0.5676 0.5676

DEUTSCHE MARK (IMM) DM125,000 S per DM

Clase 92.78 92.20 91.88 91.66 91.48 91.33 91.19 91.07

Kigh 92.79 92.24 91.92 91.70 91.52 91.36 91.21 91.09

High 295.60 297.50 299.70 301.70

LIFFE US TREASURY BOND FUTURES OPTIONS
Strike Calts—Last Purs—Last
Price Sept Dec Sept Dec
80 10.15 924 0.05 0.40
82 8.22 7.48 0.12 1.00
84 6.37 6.18 0.27 1.34
86 4.42 4.63 0.52 2.15
88 3.37 3.55 1.27 3.07
90 2.29 2.59 2.19 4.11
92 1.38 2.10 5.28 5.26
94 0.52 1.36 4.52 6.52
Estimated volume total, Calls 153 Purs 162
Previous day's open int: Calls 370 Purs 391 LIFFE E'S OPTIONS \$25,000 (cents per £1)

| California | Cal Puts-July 0.05 0.35 1.43 3.87 7.66 12.26 Strike Caus—Lass
Price Junt July Aug. Sept. Jun.
145 18.10 — — 18.10 0.00
1.50 13.10 13.10 13.10 13.10 0.00
1.55 8.10 8.19 8.58 8.73 0.01
1.65 0.53 1.71 2.59 2.91 2.51
1.70 0.02 0.50 1.13 1.40 7.00
1.75 0.00 0.10 0.42 0.59 11.56
Estimated volume total, Calls 1,272 Purs 2,359
Previous day's open uni, Calls 1,272 Purs 2,359 Calls—Last up July Aug. 75 400 4.70 0 250 3.40 1.70 0.50 1.70 0.50 1.10 1. 0.45 0.7 int: Calls 111,293 inte. Calls 7,605 Puts Psts—Last July Aug. 1.45 2.35 2.40 3.45 3.70 4.80 5.55 6.45 7.45 8.25 9.65 10.15 11.95 12.45

Prev. 90-20 89-17 88-19 87-24 86-31 86-09 85-21 85-03

Prev. 93.41 93.01 92.79 94.25 92.46 92.32 92.20 92.61

June Sept Dec Mar June Sept Dec Mar.

1.0w 93.38 92.98 92.85 94.29

Strike Price 1.600 1.625 1.650 1.675 1.700 1.725 1.750 Sept. 3.00 4.30 5.70 ---9.00 11.00 13.10

\$ept. 5.00 3.60 2.60 — 1.45 0.95 1.00 1.00 2.65 4.90 7.30 9.70 12.20 CHICAGO

LONDON 20-YEAR 12% MOTIONAL GILT 650,000 32mm of 100% Close High Low 126-06 126-01 125-28 1 126-05 126-13 125-25 1 126-31 — 1 sed volume 18,730 (33,648) s day's open int. 27,383 (25,658) 10% NOTIONAL SHORT EILT £100,000 64ths of 199% Low

THREE-MONTH STERLING £500,000 points of 100% Close High Low 91.20 91.15 91.30 91.30 91.20 91.15 91.31 91.30 91.23 91.11 91.13 91.06 90.92 90.96 90.91 90.78 90.84 90.75 90.69 90.89 90.60 ed Volkgree 6,255 (10,807) es day's open int. 22,967 (23,328)

FT-SE 100 INDEX £25 per foll index point Close High Low Pres.
June 225.00 226.00 224.45 222.80
Sept. 229.50 230.50 229.00 226.80
Estimated volume 1,107 (2,4777)
Previous day's open int. 7,418 (7,971)

High 92.76 92.20 92.86 91.62 91.40 92.68 92.08 91.74 91.53 91.40 Prev. 92.70 92.11 91.78 91.58 91.39 91.24 91.10 90.97 Previous day's open int. 33,627 (33,615)

U.S. TREASURY BONDS 8% \$100,000 32mis of 100% lose Kligh L 1-07 91-07 90 0-05 90-07 8 9-07 — ume 5,739 (4,448)

CURRENCY FUTURES POUND-\$ (FOREIGN EXCHANGE) Spot 1-msh, 3-msh, 6-msh, 12-msh, 1,6310 1,6287 1,6249 1,6214 1,6178 Close High 16275 1.6350 1.6225 1.6295 1.6180 1.6260 1.6170 — UFFE-STERLING £25,009 \$ per £

Close High 1.6302 1.6350 1.6245 1.6284 1.6206 —

cent, with the lack of movement in rates mirroring the steady performance of sterling on the foreign exchanges.

rate index was also little changed at 72.6.

The rise of a record \$4.76bn in May UK official reserves, was

May UK official reserves, was about twice as much as expected, and compared with \$2.9bn in UK clearing bank base lending rate 9 per cent since May 8

The pound held at around \$1.63 and weakened only slightly against the D-Mark. The exchange

red tunds at sciencestion	65 ₁₁ (Jos		6.	29 Seveny 90 10 year		8.35 8.50
June 5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
rankturi aris aris aris aris aris aris aris ar	3.25-3.45 7{1-8 7-11-8 5-1-5-6 3.21875 101-101 5.85 107-111-1	3.60-3.70 5\(\delta\)-8\(\delta\) 37\(\delta\)-4\(\delta\) 5\(\delta\)-5\(\delta\) 3.71875 10\(\delta\)-11\(\delta\) 6\(\delta\)-7 11\(\delta\)-11\(\delta\)	3.65-3.75 8 ¹ 8-8 ¹ 4 — — — — — ——————————————————————————	3.65-3.75 8.2 - 8.2 4-41 514-51 3.65625 101-11 612-71 111-111	3.65-3.80 84-84 — — — — — — — — —	5.0 7% — — — —
June 5	Over- night	7 days	Month	Three Months	Six Months	One Year
ntertani lierting CDs. cocal Authority Deposits cocal Authority Bonds cocal Authority Bonds liscomin Milet Deposits company Deposits inance House Deposits reasury Bills (Buy) lank Bills (Buy) lank Bills (Buy) lank Bills (Buy) lank Bills (Buy) Dillar CDs DR Limited Deposits CU Limited Deposits CU Limited Deposits CU Limited Deposits	91g-9 91g-91g 	912-874 912 912 9129 	812-812 812-813 814-812 814-812 813-813 918-7-7-15 61-64-64	814.85 84.85 812 852 853 853 854 7.20-7.15 6-12-5-12	812-812 812-812 9 - 872 - 872 - 874 - 874	912-9 814-851 9 941

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Notice is hereby given that a final dividend, number 101 of 40 cents per share (total for year 90 cents per share) in respect of the financial year ending 30 June 1987 has been declared payable to members registered at the close of business on Friday 19 June 1987. The register of members will be closed from 20 June 1987 to 28 June 1987, both days inclusive. Dividend warrants will be posted on or about 31 July 1987. The dividends are declared in the currency of the Republic of South Africa. Non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa.

Non-resident shareholders will be paid in United Kingdom currency, equivalent to the rand value of their dividends on 26 June 1987.

By order of the Board

Gold Equity Registrars (Proprietary) Limited Secretaries per: J. L. Freedman

Registered Office and Transfer Secretaries Gold Equity Registrars (Propnetary) Limited (Reg No 64/00083/07)
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5 June 1987

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state of the pound and other major currencies, and the implications for forwards and options. London's most complete forex service will be in action all night on June 11th to tell you what you want to know.

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